

## No Immunity: When the Thais Sneezed, World Caught a Cold

Experts Ignored Warnings  
And Misdiagnosed Onset  
Of a Serious Global Crisis

By Nicholas D. Kristof  
and Sheryl WuDunn  
New York Times Service

In Red Square in Moscow, just across from the mausoleum where Lenin lies in state like an old biological curiosity preserved in formaldehyde, there is a grand three-story stone building that these days is in about the same shape.

The rococo facade of the GUM department store resembles a cathedral, but its gaudy interior is an emporium with mink coats on hangers and on customers. GUM seemed a symbol of Russia's hope, for the stiffly dressed chairman of the board, Yuri Solomatn, 44, came across as a Russian capitalist with a difference.

Mr. Solomatn eschewed the mob, limousines and bodyguards. He boasted of running the most open, market-oriented, Western-style company in



**Behind the Global Economy**  
Second in a series

all Russia — proving this by granting himself and other managers stock options that soared 15-fold. He sold more than half of GUM's stock to foreigners, mostly Americans and Europeans, an unheard-of feat in nationalistic Russia.

Then came the Russian devaluation and market meltdown in August, and suddenly GUM crumbled. Its stock has fallen to 25 cents a share, from a peak of \$5.40, and its shops today are a sea of signs that scream *skidka* — discount.

"Overnight," Mr. Solomatn said heavily, sitting in a third-floor conference room, "we were made paupers."

How did GUM get hit by what started as a run on the Thai currency in July 1997? Why did the crisis ripple from country to country and end up leaving Russia facing hunger and economic chaos, with 30 percent of Russians living below the poverty line, up from 18 percent at the end of 1996? And why has it now hit Brazil and shaken financial markets in Argentina, Colombia and Mexico?

The answers will be debated for years, but some explanations are emerging for what is known as the contagion effect: the tendency of a financial crisis to spread and "infect" other nations.

The growing interdependence through the fabric of the world economy connected GUM even to Mary Jo Paoletti, a secretary in Cantrill, Illinois. Mrs. Paoletti patronizes a Berglunds department store, and her husband frequents Kmart, but through her Illinois state pension fund she was in a sense a tiny part owner of GUM.

The pension fund owned \$7.2 million worth of the Brinson Emerging Markets Fund, and records show that Brinson in turn bought \$138,000 in GUM stock.

In the Soviet days, GUM was the best department store in Russia, with lines of people waiting each morning to enter. Partly because of its fame, GUM was among the first Russian companies to be privatized after the fall of the Soviet Union. It became an upscale shopping mall, and every day 200,000 shoppers trooped down its aisles. More than 40 international retailers occupied space, paying what analysts said were higher rents than anywhere else in Europe.

Fund managers were impressed by all this and by GUM's declared commitment to international standards. "GUM has a strong balance sheet, no long-term debt and high liquidity," wrote Sector Capital, a Moscow investment bank, in 1996.

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A Kurd with an Ocalan poster protesting Tuesday at the Greek Embassy in The Hague.



Kurdish protesters smashing windows at the British Consulate in Hamburg.

## New Pledges for a Nazi Fund

12 German Firms to Compensate Wartime Slave Workers

By William Drozdiak  
Washington Post Service

BERLIN — The government of Chancellor Gerhard Schröder announced Tuesday that twelve of Germany's biggest banks and businesses will contribute money to a new fund designed to compensate hundreds of thousands of workers, mainly from Eastern Europe, who were enslaved by the Nazis.

The formal pledge to establish the fund, which is expected to be worth at least \$2 billion and possibly much more, follows months of intense talks to head off a flurry of lawsuits that threatened to inflict serious economic damage on Germany's largest corporations and to disrupt their expansion plans in the United States.

At a press conference, Mr. Schröder acknowledged that the purpose of the fund was to

counter the risk of class-action lawsuits "and to remove the basis of the campaign being led against German industry and our country." He praised the firms that signed up to provide the financing and said this initiative "shows that German business can deal responsibly with its history."

After taking office in October, Mr. Schröder has tried to accelerate a resolution of the slave labor controversy, which was never properly addressed by previous German governments. While Bonn has paid out more than \$60 billion in reparations since the war to Jewish and other victims of Nazi crimes, it excluded slave workers because they were technically "employed" by private companies, such as Siemens or Volkswagen.

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## Kurds Take Captives Across Europe After Rebel Chief's Arrest

Wave of Rioting  
In Major Cities

By Alessandra Stanley  
New York Times Service

ROME — Enraged by Turkey's capture of the Kurdish rebel leader Abdullah Ocalan, Kurdish protesters stormed Greek and Kenyan diplomatic posts throughout Europe on Tuesday, taking hostages, burning embassies and, in some cities, even setting themselves on fire.

With what seemed like extraordinary coordination, Kurds in Paris, Moscow, London, Frankfurt, Milan, Bern and a dozen other cities went on rampages of rage and protest, holding rallies, seizing consulates, battling policemen and threatening mass suicides. At least three Kurds tried to self-immolate, including a 17-year-old girl in Germany, who was seriously injured.

Mr. Ocalan, who had been hiding in the Greek Embassy in Nairobi after he was forced to leave Italy last month, ended up in the custody of Turkish security forces on Monday.

[Greece blamed Kenya on Tuesday over Mr. Ocalan's arrest and recalled its ambassador in Nairobi, Reuters reported from Athens. The Greek foreign minister, Theodoros Pangalos, said Mr. Ocalan had made the mistake of trusting Kenyan authorities, who promised to take him to the Netherlands.]

Even as government officials in Athens and Nairobi nervously denied the ones actually responsible for Mr. Ocalan's ending up in the hands of Turkish security forces, thousands of Mr. Ocalan's supporters in Europe angrily and violently demonstrated their disbelief and sense of betrayal.

The streets of Athens were quiet, perhaps because Greek policemen rounded up more than 350 Kurds preemptively and held them in an abandoned army camp. On Tuesday evening, under tight security, a rally of Greeks and Turks took place in Athens without incident. Europe had no such early warning. Countries which had sought to avoid getting drawn into the dispute between Kurdish separatists and the Turkish government, fearing a backlash of violence in their countries, were engulfed by the crisis anyway.

In Austria, Kurdish protesters took the Greek ambassador and his wife hostage at their embassy in Vienna, while others set fire to the Kenyan Embassy there.

In the Netherlands, where Mr. Ocalan had reportedly hoped to go after leaving Kenya, about 150 Kurds stormed the Greek ambassador's residence in The Hague at around 5 A.M., and took three hostages, including the ambassador's wife and their 8-year-old son.

Riot policemen charged into a crowd of sympathizers who had gathered outside the residence, but were unable to force their way into the building. The three hostages were still being held late Tuesday.

In Bonn, Kurds who had taken two hostages at the Kenyan Embassy and another at the Greek Embassy ended their occupation of the facilities Tuesday, police and witnesses said.

Meanwhile, the police stormed consulates in Stuttgart, Cologne and Leipzig to remove protesters, freeing one Leipzig consular employee and two civilians.

A Greens party member, Daniel Cohn-Bendit, said he had persuaded 49 Kurds occupying the Greek Consulate in Frankfurt to give up their protest.

"These attacks weren't really organized," said Mehmet Atin, a Kurd who protested at the Greek consulate in Frankfurt. "We heard news

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Turks Pick Up  
Ocalan in Kenya

By Stephen Kinzer  
New York Times Service

ISTANBUL — Abdullah Ocalan, leader of an army that has been fighting for a Kurdish homeland in southeastern Turkey for 14 years, was captured in Kenya and flown back to Turkey on Tuesday.

Mr. Ocalan, whose war has cost the lives of some 30,000 rebels, soldiers and civilians, has for more than a decade been Turkey's most wanted fugitive. He is likely to be tried for treason and mass murder and could face execution.

It was uncertain what effect Mr. Ocalan's arrest would have on his guerrilla force, the Kurdish Workers Party, or on the civil conflict that has cost Turkey billions of dollars and severely damaged its image in the world. The conflict has come to dominate Turkish life and has been used to justify a host of measures ranging from limitations on freedom of expression to the burning of villages in combat zones.

Turkish leaders gave no details of how Mr. Ocalan was captured, but officials within and close to the government said a team of Turkish commandos had snatched him away from Greek diplomats who had been sheltering him for two weeks in Kenya.

"He was being escorted to the airport in Nairobi," said an official close to the Turkish intelligence service. "His Greek escorts lost the car in traffic, and he never made the flight. Some special operations guys figured out where he was and intercepted him."

"Grabbing a car that's being watched by a couple of Greek diplomats is a piece of cake for a special operations team in a country like Kenya," the official said. "Turkey has very good special operations people, state of the art. This is one of the biggest things they've ever done."

News of Mr. Ocalan's capture set off waves of violent protest in European capitals, where Kurds invaded Greek and Kenyan diplomatic missions to protest what they believed to be those countries' roles in turning him over to Turkey. But it became clear later Tuesday that in all probability, neither country had cooperated in the operation.

A Kurdish prisoner in a Turkish jail burned himself to death to protest the capture, and military units in southeastern provinces were placed on alert.

Mr. Ocalan's arrest was announced by Prime Minister Bulent Ecevit at a news conference in Ankara. "The head of the separatist organization has been in Turkey since 3 o'clock this morning," Mr. Ecevit said, beaming and apparently struggling to control his emotions. "He will account for his activities before the Turkish justice system."

In the eyes of some Turks, the capture of Mr. Ocalan may be Turkey's most spectacular success since it landed troops on Cyprus in 1974 in what it described as an effort to protect the Turkish minority there. Mr. Ecevit was prime minister then, too, and he could reap considerable political benefit from a new image as a two-time conqueror.

Turks will vote on April 18 in a national election. Mr. Ecevit, who has been in office for barely a month and had been seen as only an interim figure, suddenly seems in a much stronger position.

Foreign ambassadors were summoned to the Turkish Foreign Ministry for an official brief-

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The Dollar			
New York	Tuesday 9 A.M.	previous close	
Berlin	1.1203	1.1206	
Frankfurt	1.5942	1.594	
Paris	118.645	118.65	
London	1.7489	1.7513	
Japan	5.8555	5.8065	
Dollars per pound and per euro			
The Euro			
Tuesday close	percent change		
+22.14	9.297.03	+0.24%	
S&P 500			
+11.73	1,241.58	+0.85%	
-7.58	2,513.93	-0.34%	

Newstand Prices	
Andorra	10.00 FF Lebanon
Armenia	12.50 FF Morocco
Cameroon	1.800 CFA Cote
Egypt	EE 5.50 Réunion
France	10.00 FF Saudi Arabia
Gabon	1.100 CFA Senegal
Italy	3.000 Lire Spain
Ivory Coast	1.250 CFA Tunisia
Jordan	1.250 JD U.A.E.
Kuwait	700 Fils U.S. MIL (Ex)

## Eight Banks Raided In EC Probe of Fees On Money-Changing

Compiled by Our Staff From Dispatches

BRUSSELS — The European Commission raided eight banks in Germany, France, Italy and Spain on Tuesday in an investigation into alleged collusion over fees for exchanging money in the 11-nation euro zone.

In the early morning raids, investigators visited Deutsche Bank AG and Dresdner Bank AG in Germany, Societe Generale SA and Credit Agricole in France, Banco Bilbao Vizcaya SA and Argenta SA in Spain, and Banca Commerciale Italiana SpA and Banca Intesa SpA's Cariplo unit in Italy.

A European Union source said Commission officials also had visited the headquarters of the European Banking Federation in Brussels.

"We hope we caught them by surprise," said the European Union's anti-trust commissioner, Karel Van Miert. "We will see what our fishing today reveals. We will see if we can build a case."

Mr. Van Miert told a monetary affairs subcommittee of the European Parliament on Tuesday that there was reason to suspect "concerted activity and agreements" among the banks. He added: "Banks are trying to avoid competition. Banks should compete in terms of the fees they charge."

The commission, the European Union's executive body, warned last week that it would look into "excessive" charges. A six-country survey by Christa Randzio-Plath, the subcommittee's chairwoman, found that foreign-exchange charges ranged from 1 percent at Banco Santander SA in Spain to 3.75 percent at Commerzbank AG of Germany. The European Union has been concerned about bank

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## Italian Sailor Rescues French Racer

Isabelle Antissier, a French competitor in a solo round-the-world race, was rescued unharmed Tuesday after her boat capsized in the South Pacific. She was rescued by a fellow competitor, Giovanni Soldini of Italy, 24 hours after sending a distress signal, the Chilean Navy said.

Antissier, 42, was the overall leader of the Around Alone race when her 60-foot yacht overturned in high seas Monday. Page 18.

## AGENDA

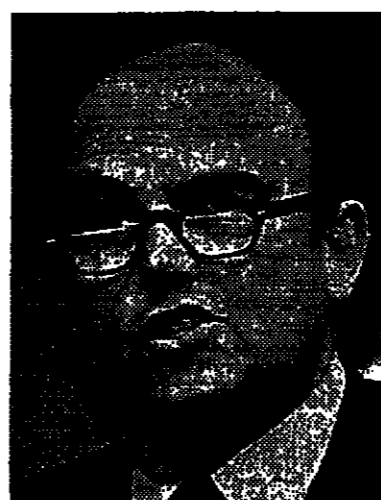
### Decision Is Near Over Bosnian Town

VIENNA (AP) — The Muslim member of Bosnia's joint presidency urged arbitrators Tuesday to award the disputed town of Brcko to the Muslim-Croat Federation, claiming that his country's fragile peace may otherwise collapse.

But aides to Alija Izetbegovic signaled that he would also accept neutral district status for the town, which has been an explosive issue for three years. Bosnian Serbs and the Muslim-Croat Federation both claim Brcko.

Mr. Izetbegovic's comments came in testimony to an international arbitration panel as a decision neared on the issue after nine days of hearings.

The international officials, led by the U.S. diplomat Robert Owen, have promised a final decision by mid-March on Brcko, the only territorial question left unresolved from the Bosnian war.



**JOHN EHRLICHMAN DIES** — A key figure in the Nixon White House who went to jail over Watergate is dead at 73. Page 2.

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## To Fight Recession, It's Back to School

Japan Paying to Retrain Workers

By Sandra Sugawara  
Washington Post Service

TOKYO — Haruo Kishimoto, a wiry, animated 71-year-old business teacher, tackled the subject of cost accounting like a man on a mission. As he moved through the classroom, a sea of dark suits, laptops and distraught, middle-aged faces, his eyes flashed. His voice rose as it coaxed and chided.

"Think! Don't just repeat the formula," Mr. Kishimoto snapped as he stopped at Yoshiyuki Toshimitsu's desk. He prodded Mr. Toshimitsu until the 38-year-old student worked through the problem before him — a case study comparing the balance sheets of Toshiba Corp. and NEC Corp.

The class is part of a huge undertaking to retrain hundreds of thousands of Japanese quickly in the ways of modern business and push thousands of others in entrepreneurial ventures. With the economy mired in a recession that wide-spread public works programs have failed to end, the retraining and job-creation effort is Japan's latest ambitious attempt to engineer an economic revival.

What the government is not willing to do is trust the invisible hand of the free market to try to find jobs for Japanese workers.

Some economists say they worry that the latest effort is billions of dollars down the drain. They argue that Japan needs widespread deregulation and tax cuts to invigorate its economy and create lasting jobs. Such an approach would mean that numerous weak companies would crash. But it would also, in theory, allow capital, resources and talented personnel to flow to productive companies.

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## Culture Contributes to Crisis / Where AIDS Is Seen as a Bewitching

## Ignorance Expands South African Epidemic

By Lynne Duke  
Washington Post Service

**R**IVETLEI, South Africa — Sex in South Africa is a game of "African roulette," some say. But Thenje Dzanibe did not even know she was a player. Miss Dzanibe, 37, was admitted last month to the hospital in Rivetlel, where she was diagnosed with tuberculosis and tested for the virus that causes AIDS. It was then that she began to wonder whether AIDS had caused the tuberculosis that killed her husband in 1995.

Though her boyfriend refuses to be tested because he fears the results, she said, it occurs to her that maybe AIDS is what has caused him to lose weight and cough up blood. Miss Dzanibe conceived a child with him, and now the baby is sick and has a fungal infection of the tongue. Could it be, she wonders, that 8-month-old Zimbini has developed AIDS, too?

The depth of her crisis sank in when she asked, during an interview: "Can I be cured of AIDS and these other diseases that are coming out?" No, she was told. Days later, her blood test confirmed that she has AIDS. "I have understood," she said sadly, but added: "The one thing I know for sure is I'll never tell the father of my child."

Miss Dzanibe is among the millions of South Africans caught in the web of ignorance, denial and misplaced cultural beliefs that fuels one of the most aggressive AIDS epidemics in Africa. More than 16 percent of the nearly 40 million South Africans are infected with the human immunodeficiency virus that causes AIDS. By 2010, the national infection rate is projected to reach 25 percent, on a par with that of neighboring Zimbabwe and Botswana, confirming southern Africa as the center of the world AIDS epidemic.

The infection level among South Africans between the ages of 20 and 30 is already approaching 20 percent. New infections are being reported at a rate of 1,500 a day, two-thirds of them among 15- to 20-year-olds. Health experts say this means that the age group once thought to be most receptive to AIDS awareness messages is already heavily infected.

Although HIV is running rampant in South Africa, too many people here do not understand or believe how deadly it is until it is too late. Women bear the brunt of the crisis, experts say, because of polygamy, male promiscuity and sexual mores that allow men to dictate norms of intercourse, including refusal to wear condoms, and to put women in danger if they raise too many questions.

Unlike Uganda, which is renowned for an aggressive AIDS-prevention campaign that has reduced its high rate of HIV infection and made condom use the rule, South Africa has been slow off the mark. Analysts say this is partly because the government has been bombarded with an array of policy demands since the 1994 transition from white-minority rule to multiracial democracy.

Since late last year, the government has made AIDS prevention a high-profile priority, and President Nelson Mandela lent his voice to the crisis in his state of the nation address this month. But with AIDS awareness and prevention measures only recently undertaken, people here have filled the information gap with myth and stigma.

"It is this ignorance that is so difficult to break through," said Nono Simela, director of the government's HIV, AIDS and sexually transmitted



Thenje Dzanibe, with her sickly child, Zimbini, at the KwaZulu-Natal hospital where she learned that she is dying of AIDS.

disease programs. "We are dancing with death all the time."

Many South Africans, for instance, believe that bewitchings are the cause of AIDS, or that racist whites have injected oranges and bananas with the disease or that tribal ancestors are displeased and are wreaking havoc on the living.

Some people believe only prostitutes get AIDS. Some men extol the virtues of fat women in the mistaken belief that only thin women can transmit AIDS. Some women believe AIDS can be gotten rid of by giving it back to the source of the infection.

**H**ERE AT THE Rivetlel hospital in largely rural KwaZulu-Natal Province, where the 27 percent HIV-infection rate is the highest in the nation, examples abound.

Veronica Mngoma, 35, has been diagnosed with AIDS, but she has trouble accepting what it means. Deep down, she says, she suspects that she is sick because a vengeful co-worker poisoned her.

"In 1996, I was given a cake, by a girl, and it had poison on it," she said. "This poison made me become sick. I got thin and thin and thin after that. A sangoma, or traditional healer, told her to drink four small buckets of a milky quagga brew. She vomited, as prescribed. And got sicker."

The social, economic and cultural effects of the epidemic are profound. Some analysts predict that sectors of the South African economy, like trucking and mining, are threatened with a loss of manpower. A survey in a gold-mining area near Johannesburg showed that 20 percent of mine workers were HIV-positive, as were 75 percent of the prostitutes who service them from a nearby township.

Projections indicate that South Africa will have more than 2 million orphans as a result of AIDS. In some areas of KwaZulu-Natal, health workers say, the generation between children and grandparents is already missing.

In a country that is 80 percent black, whites are a small proportion of the AIDS epidemic, although they, too, are registering rapid increases. It is among blacks that AIDS is most severe, especially, but not exclusively, among poor, undereducated blacks who live in areas, like KwaZulu-Natal, that have suffered decades of social and political instability.

Another key factor in the epidemic is the migrant labor system. Rural men traditionally have found work in big cities or in the gold mines around Johannesburg. It is common practice for such men to have wives or girlfriends in their home regions as well as in the urban areas where they work. To a lesser extent, women left behind by men also take on other sexual partners. Miss Dzanibe's late husband was a migrant worker, as is her current partner.

**T**HIS IS A CULTURE in which male promiscuity has traditionally been admired and female subservience expected. Men do not like to use condoms, and for a woman to ask for such protection means risking an argument or a beating over whether she has had sex with other partners.

"If you try to show him that I think using a condom would be the best thing," Miss Dzanibe said, "he will say: 'Where did you learn these tricks? Have you been running around?'"

Many AIDS-prevention messages are ill-suited to such a culture. "Most of the material says stick to one partner," said Alfred Mikosi, director of the United Nations AIDS program for South Africa. "Does this relate to a man who has got three wives?"

Women also bear the brunt of the deep stigma that has grown up around AIDS. They fear that their men will leave them, that their families will shun them, and that their neighbors will ridicule and ostracize them and call them prostitutes.

Such fears are well-founded. A KwaZulu-Natal woman, Gugu Dlamini, who publicly acknowledged her HIV-positive status on World AIDS Day last year, was beaten to death for revealing something that her community felt brought it into disrepute.

The women at Rivetlel express fear of what will happen if their communities learn they have AIDS. "That would be bad for me because, according to the people's belief, we ridicule and laugh at people who have got AIDS," Miss Dzanibe said. "If it happens that they know, your heart can stand still. Especially the in-laws. To have AIDS among people, it's a disgrace."

But the weight loss that typically accompanies the illness makes it impossible to hide. "The moment you become thin, they say you have got it," said Miss Mngoma, whose weight had dropped to 36 kilograms (79 pounds) from 61 kilograms by the time she went to the hospital.

If their experiences have enlightened these women about AIDS, their attitudes do not reflect it. Miss Dzanibe said that perhaps the affliction, for her, is God's will. All she can do is try to continue normally as long as she has strength. She will maintain her relationship with her boyfriend, she said, because if she did not, "he will think I am bewitched."

## The Officer Who Led France's Last Charge

Jean Ballarin, Cavalry Leader, Dies at 84

By Robert McG. Thomas Jr.  
New York Times Service

Jean Ballarin, who on a day in 1941 drew his saber, spurred his horse and galloped headlong into French military history, died Feb. 3 in Paris. He was 84 and was recalled as the last man to have led a French cavalry charge.

As cavalry charges go, or went, the one Mr. Ballarin led Jan. 2, 1941, was not much to write home about. The two dozen Moroccan horsemen under his command simply happened to spot an Italian Army encampment at an Eritrean oasis at Umbrega.

Mr. Ballarin, then a 25-year-old non-commissioned French officer, ordered an impromptu attack, scattering the much larger enemy force before it could organize a defense.

There were few casualties on either side, and the skirmish was a minor footnote — even to Mr. Ballarin's own distinguished career.

He took part in fierce fighting at Alamain and elsewhere in North Africa, serving as the leader of de Gaulle's personal honor guard in Algiers, and he took part in the invasion of southern France and the eventual capture of Hitler's Bavarian mountain retreat.

Mr. Ballarin, a native of La Villette, near Poitiers in central France, who joined the army at 18 and was eventually sent to French-controlled Syria, assured his place in the annals of French warfare simply by continuing to fight a war the vast majority of his fellow soldiers had abandoned months earlier.

In the days after the fall of France in June 1940, almost to a man the French military had sworn allegiance to the collaborationist Vichy regime.

Its leader, Field Marshal Henri Philippe Petain, commanded such respect that even French forces stationed abroad, beyond German reach, submitted to Vichy control.

The French forces in Syria had especially close ties to Vichy, but when de Gaulle issued his famous call to arms from London on June 18, 1940, Mr. Ballarin was among those who rallied to his Free French cause.

Under the guise of holding training maneuvers, Captain Paul Jourdain, commander of the First Squadron of the First Regiment of the Spahis Light Cavalry, assembled his 80 or so men near the border with Lebanon and the British Palestine mandate. Then he gave them the choice of staying behind or following him across the border to join the British, as Mr. Ballarin and some 60 others did.

It was a small start to a mighty journey that would win glory for Mr. Ballarin and the troops.

Within a month of the Umbrega charge, the First Squadron had exchanged its horses for armored vehicles and mobile guns, had joined the fight against the tanks of Field Marshal Erwin Rommel of Germany and had begun an expansion that would eventually include three other squadrons, one of which was given the honor of liberating Paris in 1944.

For his service, Mr. Ballarin received the Cross of the Liberation, awarded to those deemed to have made the most significant contributions to the Free French cause.

Mr. Ballarin, who married de Gaulle's private secretary, Germaine-Marie Cedant, in Algiers in 1944, remained in the army until 1962, when he retired with the rank of lieutenant colonel.

He then joined a Paris insurance company, where he worked until 1980.

A World War II cavalry charge may seem quaint, but in a war in which the Germans used 600,000 horses in their invasion of Russia, it was not quite an anomaly. The Italians staged a cavalry charge against the British in Eritrea later in January 1941.

The last American cavalry charge did not come until a year later, on Jan. 16, 1942, when a polo-playing lieutenant, Edwin Price Ramsey, led his 26th Cavalry platoon against Japanese soldiers on the Bataan Peninsula in the Philippines.

Mr. Ballarin's charge, moreover, was not the last cavalry charge to involve French forces. Six months later, in an operation that underscored the significance of his decision to break with

Vichy and join the Free French forces in Africa, a British cavalry unit charged a Vichy French encampment in Syria.

The British did not stage their last charge of the war, by the Gwalior Lancers in Burma, until 1944, and what is regarded as the last British cavalry charge did not come until 1953, when the North Frontier Tribal Police rode down a Mau Mau camp in Kenya.

That would seem to have ended an era, but in warfare it is hard to be certain.

In 1997, British troops in the King's Royal Hussars began using horses for operational patrols in Bosnia.

**Henry Kendall, 72, Co-Winner Of 1990 Nobel Prize in Physics**

*The Associated Press*  
WAKULLA SPRINGS, Florida — Henry Kendall, a winner of the 1990 Nobel Prize for physics, died Monday during an underwater photography dive, the police said.

Mr. Kendall, a professor at Massachusetts Institute of Technology, was working with a National Geographic magazine mapping team at Wakulla Springs State Park. Investigators had not yet determined whether Mr. Kendall died of a heart attack or encountered a problem in the water and drowned.

Mr. Kendall, along with Jerome Friedman and Richard Taylor, worked for years proving the existence of quarks, now thought to be the basic building block of matter. They all shared the Nobel Prize in 1990.

## Castro Defends Harsh New Crime Penalties

*Reuters*  
HAVANA — Cuba has unveiled legislation that includes harsh new penalties for criminals and political opponents, and President Fidel Castro said broader use of the death penalty was needed to save the island's socialist revolution.

The proposed legislation recommends prison terms of up to 30 years for political opponents who "collaborate" with the U.S. government. It calls for life imprisonment or the death penalty for crimes such as drug trafficking.

The government unveiled the two new laws Monday at a meeting of the National Assembly.

Some lawmakers expressed reservations about the broader use of capital punishment, which already exists in Cuba's penal code.

But Mr. Castro defended the application of the death penalty to crimes like drug-trafficking, saying that they damaged Cuba's image and played into the hands of its enemies.

"What we are against is the death penalty for our whole country, the death of our country, which is what our enemies want, because they want the death of our independence, our justice, of the revolution," he said.

"That is why we have to save the nation as our absolute priority mission," Mr. Castro added.

In a clear reference to the United States, which maintains economic sanctions against Cuba, Mr. Castro added: "Crime is part of imperialism's strategy against Cuba. It is an element of the enemy strategy to try to destroy the revolution."

The National Assembly was set to vote on the two pieces of legislation later in the session.

One bill was entitled "Law for the Protection of the National Independence and Economy of Cuba." It cited the need to increase penal defenses against what it said were continuing attempts by the U.S. government to damage Cuba's economy through sanctions and to subvert its political system.

The bill specifically referred to the 1996 U.S. Helms-Burton law, which sharply tightened the long-standing U.S. economic embargo against Cuba. It also reaffirmed Cuba's rejection of embargo modifications recently announced by President Bill Clinton.

## John Ehrlichman, 73, a Key Watergate Figure, Dies

By David Stout  
New York Times Service

**WASHINGTON** — John Ehrlichman, who was President Richard Nixon's pugnacious defender and domestic policy chief and went to prison for his role in the Watergate scandal, died Sunday at his home in Atlanta. He was 73 and had been suffering from diabetes for about a year, said his son, Tom.

After serving 18 months in prison for conspiracy and other counts, Mr. Ehrlichman made a new life for himself in 1978, first as a writer in Santa Fe, New Mexico, and for the last several years as a senior vice president of Law Environmental, an Atlanta-based engineering company engaged in handling hazardous waste, his son said.

From the start of the Nixon presidency in 1969, John Daniel Ehrlichman was a central figure, first as domestic-policy chieftain in the White House, and later as a participant in the Watergate cover-up.

When five men were caught during a burglary at the headquarters of the Democratic National Committee in Washington's Watergate complex on June 17, 1972, the incident was first airily dismissed by Nixon aides as a "third-rate burglary" with no connection

to the White House. But it was soon revealed that the burglars had links either to the White House or to the Committee to Re-Elect the President.

The investigations (and the president's own tape-recordings) would also disclose that Mr. Nixon and some of his top aides had begun an effort to cover up White House involvement in the break-in almost from the start. Mr. Nixon resigned on Aug. 9, 1974, rather than face all-but-certain impeachment and removal from office.

Dozens of Nixon aides were implicated in Watergate and related crimes, some for relatively peripheral roles. The most important case involved Mr. Ehrlichman and three other high-ranking officials: Attorney General John Mitchell, who died in 1988; Mr. Nixon's chief of staff, H. R. Haldeman, who died in 1993; and Robert Mardian, an assistant attorney general.

On Jan. 1, 1975, all were convicted of conspiracy, obstruction of justice and perjury and were sentenced to two and a half to eight years in prison. Mr. Mardian's conviction was overturned on appeal.

Mr. Ehrlichman's sentence was made concurrent with a term of 20 months to five years imposed on him for his role in the September 1971 break-in at the of-

fice of Dr. Lewis Fielding in Beverly Hills, California.

Dr. Fielding was a psychiatrist who had been treating Daniel Ellsberg, who has said publicly that he gave journalists a copy of a secret government study of U.S. involvement in the Vietnam War. A covert White House unit, known as "the plumbers" and answerable to Mr. Ehrlichman, was assigned to find and plug such "leaks."

By the time Mr. Ehrlichman entered prison in Stafford, Arizona, in the fall of 1976, he had already undergone a major life change after his conviction. He had left his first wife, Jeanne, and their Seattle home and moved to Santa Fe, where he began to write.

After his release, Mr. Ehrlichman returned to New Mexico to resume his writing career and to give occasional lectures. He wrote four novels and a memoir, "Witness to Power" (Simon & Schuster, 1982), in which he reflected on his relationship with Mr. Nixon.

"I don't miss Richard Nixon very much," he wrote. "Richard Nixon probably doesn't miss me either."

Detractors referred to Mr. Ehrlichman and Mr. Haldeman together as "the Berlin wall," because they were said to shield the reclusive, occasionally para-

noid president from unpleasant news and unpalatable choices.

When L. Patrick Gray 3d, the acting FBI director, was peripherally linked to the Watergate defendants, Mr. Ehrlichman famously advised Mr. Nixon to leave Mr. Gray "twisting slowly, slowly in the wind."

But another perspective was offered by Theodore White in "The Making of the President 1972." Writing before the Watergate scandal, Mr. White said Mr. Ehrlichman's "shop was one of the few at the White House where ideas were seriously entertained — good ideas, too, on energy, on land-use policy, on urbanization, on preservation of the American environment."

Mr. Nixon eventually sacrificed Mr. Ehrlichman and Mr. Haldeman to the cover-up campaign; they resigned at the president's request on April 30, 1973.

After going to prison, Mr. Ehrlichman said he had brought his troubles on himself. "I abdicated my moral judgments and turned them over to somebody else," he said in 1977. "And if I had any advice for my kids, it would be to never, ever defer your moral judgments to anybody — your parents, your wife, anybody."

## TRAVEL UPDATE

## Four Days of Strikes to Plague Italy

**ROME (AP)** — The government's resolve to crack down on strikes that harm the public is contributing to labor unrest, with several unions, including ones that represent rail workers and air-traffic controllers, having called strikes for this week.

A 23-hour walkout by rail workers, starting at 6 P.M. on Wednesday, is expected to seriously disrupt train traffic. Newspapers will not appear Thursday if printers carry out their threat of a one-day strike Wednesday.

Electrical workers plan a daylong strike Friday. Flights to and from central Italy may be disrupted Saturday, when regional air-traffic controllers are scheduled to strike from noon to 4 P.M.

## American Makes Nearly All Flights

**DALLAS (AP)** — Operations at American Airlines were nearly back to normal Tuesday, the airline said, after a 10-day protest by pilots that grounded about 6,000 flights.

The airline had canceled 56 flights by the end of the morning, 23 of them because pilots had called in sick. Fewer than 800 of American's 9,400 pilots were listed as sick Monday, down from nearly 2,500 Thursday and Friday.

## Guangzhou Opens Subway Line

**SHANGHAI (AP)** — The city of Guangzhou opened its first subway line Tuesday, state media said. The line, 18.5 kilometers (11.5 miles) long with 16 stations, is designed to carry 1.13 million people a day, the Xinhua press agency said. Construction is under way on a second line.

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## Europe

	Today C/F	Low W	Tomorrow High W
Agenore	16/21	8/14	16/21
Amsterdam	13/18	8/13	14/19
Antwerp	14/19	8/14	14/19
Athens	12/18	7/13	13/18
Berlin	14/19	9/14	14/19
Brussels	15/20	10/15	15/20
Copenhagen	13/18	8/13	13/18
Dublin	12/17	7/12	12/17
Frankfurt	14/19	9/14	14/19
Geneva	15/20	10/15	15/20
Hamburg	14/19	9/14	14/19
Heidelberg	14/19	9/14	14/19
London	12/17	7/12	12/17
Lyon	14/19	9/14	14/19
Madrid	15/20	10/15	15/20
Munich	14/19	9/14	14/19
Naples	15/20	10/15	15/20
Stockholm	12/17	7/12	12/17
Vienna	14/19	9/14	14/19

## Middle East

	Today C/F	Low W	Tomorrow High W
Alexandria	27/32	19/24	27/32
Bahra	18/23	12/17	18/23
Bombay	16/21	8/14	16/21
Damascus	16/21	8/14	16/21
Delhi	16/21	8/14	16/21
London	12/17	7/12	12/17
Manama	16/21	8/14	16/21
Moscow	16/21	8/14	16/21
Paris	14/19	9/14	14/19
Riyadh	16/21	8/14	16/21
Tokyo	14/19	9/14	14/19
Yokohama	14/19	9/14	14/19

## Asia

	Today C/F	Low W	Tomorrow High W
Alaska	10/15	1/4	10/15
Bangkok	32/37	27/22	32/37
Beijing	3/8	-2/3	3/8
Bombay	30/35	25/20	30/35
Calcutta	31/36	26/21	31/36
Chongming	27/32	22/17	27/32
Colombo	29/34	24/19	29/34
Hankow	27/32	22/17	27/32
Hong Kong	27/32	22/17	27/32
Kobe	15/20	10/15	15/20
Kuala Lumpur	29/34	24/19	29/34
Lima	27/32	22/17	27/32
Manila	27/32	22/17	27/32
Medan	27/32	22/17	27/32
Osaka	15/20	10/15	15/20
Seoul	27/32	22/17	27/32
Singapore	27/32	22/17	27/32
Taipei	27/32	22/17	27/32
Tokyo	15/20	10/15	15/20
Yokohama	15/20	10/15	15/20

## North America

	Today C/F	Low W	Tomorrow High W
Albuquerque	22/27	17/12	22/27
Anchorage	22/27	17/12	22/27
Atlanta	15/20	10/15	15/20
Baltimore	15/20	10/15	15/20
Boston	15/20	10/15	15/20
Buffalo	15/20	10/15	15/20
Chicago	15/20	10/15	15/20
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Dallas	15/20	10/15	15/20
Denver	15/20	10/15	15/20
Detroit	15/20	10/15	15/20
El Paso	15/20	10/15	15/20
Houston	15/20	10/15	15/20
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Memphis	15/20	10/15	15/20

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Taipei	27/32	22/17	27/32
Tokyo	15/20	10/15	15/20
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Tokyo	15/20	10/15	15/20
Yokohama	15/20	10/15	15/20

## North America

	Today C/F	Low W	Tomorrow High W
Albuquerque	22/27	17/12	22/27
Anchorage	22/27	17/12	22/27
Atlanta	15/20	10/15	15/20
Baltimore	15/20	10/15	15/20
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Buffalo	15/20	10/15	15/20
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Denver	15/20	10/15	15/20
Detroit	15/20	10/15	15/20
El Paso	15/20	10/15	15/20
Houston	15/20	10/15	15/20
Los Angeles	15/20	10/15	15/20
Memphis	15/20	10/15	15/20

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Legend: s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f=fog, h=high, l=low, w=wind, v=very, m=moderate, s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=dry, f

## THE AMERICAS

## Mexico Reinforces Clinton

Undistracted, He Confers With Zedillo on Drugs and Trade

By Peter Baker  
and Molly Moore  
Washington Post Service

MEXICO, Mexico — With his impeachment trial behind him, President Bill Clinton has returned to the world stage free to focus on international challenges, such as drugs and trade, without the distractions of a domestic scandal that has haunted him at every stop around the globe for the last year.

Mr. Clinton met Monday with President Ernesto Zedillo of Mexico at a restored 19th-century hacienda near here to consult on border issues that have dominated U.S. relations with its southern neighbor, bringing with him \$4 billion in export financing and a carefully timed endorsement of Mexico's efforts to stem the flow of illegal narcotics.

Yet while the agenda was foreign policy, the subtext was the renewal of Mr. Clinton's presidency. For the first time since his relationship with Monica Lewinsky attracted the attention of investigators in January 1998, Mr. Clinton left the country without being followed by the embarrassment of a political crisis that threatened to end his tenure. Aides said Mr. Clinton has been heartened by comments of legislators in recent days echoing his desire to put the divisive chapter behind him.

Happy to move on, the president even took the opportunity to fan the

flames of speculation that his wife, Hillary Rodham Clinton, will run in 2000 to represent New York in the same Senate that acquitted him on perjury and obstruction of justice last Friday.

"She would be terrific in the Senate," Mr. Clinton said during a photo opportunity. "But that's a decision that she'll have to make."

If the symbolism of the 30-hour visit here helped show a reinvigorated president fully in command, it also served Mr. Zedillo's interests, coming as his government faces heavy fire for not doing more to crack down on drug trafficking.

Mr. Clinton hinted broadly that he would certify Mexico as a cooperating partner in the drug war, touching off what will almost certainly be a bruising fight in Congress, where many members believe Mexico has been wildly ineffective.

Both Mexican and American officials tried to play down the proximity of Mr. Clinton's Mexico visit to the March 1 deadline by which he must recommend to Congress whether Mexico is a reliable ally in combating drug trafficking. Privately, however, both sides conceded the symbolic importance. Mr. Clinton brought with him about two dozen members of Congress, who will be in a position to help defend his re-election decision on Capitol Hill.

The two presidents and their aides signed a raft of modest agreements

on other subjects designed to increase air travel between the two countries, control the spread of tuberculosis and contain violence at the border. The United States also announced that it will provide \$4 billion in loans, loan guarantees and export credit insurance through the Export-Import Bank to help Mexican agencies and companies buy U.S. products and services.

Here in this former colonial city in the Yucatan Peninsula, the only mention of impeachment came at a photo opportunity, where Mr. Clinton was asked if he felt vindicated. In replying, Mr. Clinton repeated his desire to cooperate with Congress.

"This is a time for reconciliation and renewal," he said. "I think what we have to do is to serve the American people. And if we keep that in mind, I think everything will be fine."

Mr. Clinton has agreed to meet with the new House speaker, Dennis Hastert, Republican of Illinois, after Congress returns to town next week.

Secretary of State Madeleine Albright said the end of the trial would end U.S. embarrassment among foreign leaders, judging by those she spoke with during Kosovo peace talks in France before flying here to join Mr. Clinton.

Mr. Clinton and Mr. Zedillo have developed a particularly warm rapport over the four years of the Zedillo administration, a relationship



Representative John Kasich, right, kicking off his presidential exploratory effort with discussions in Milford, New Hampshire.

helped by Mr. Clinton's relentless support, including an international bailout plan after the 1994 peso crisis and defense of Mexico's anti-drug efforts in the face of congressional opposition in years past.

Many of Mexico's recently created anti-drug law enforcement agencies — including units trained and supported financially by the United States — have been tainted by corruption scandals.

But Mr. Clinton doggedly defended Mexico's anti-drug efforts. "What we know in America comes

largely from Mexico's brave efforts to get to the truth and air it," Mr. Clinton told an audience of Mexican officials, politicians and business leaders. "Mexico should not be penalized for having the courage to confront its problems."

Asked by reporters earlier whether he intended to "certify" Mexico as a partner in the war against drugs, Mr. Clinton telegraphed his expected approval: "The fundamental question is are we better off fighting it together or separately?" even though the two nations are "perhaps sometimes at odds with one another."

## POLITICAL NOTES

## Kasich Starts Presidential Bid

MILFORD, New Hampshire — Representative John Kasich is throwing himself into presidential politics, declaring himself the underdog "Indiana Jones" of the 2000 contest. "What you see is what you get," the Ohio Republican told a handful of voters who came to see him on the Milford Town Oval. "If you're looking for something bigger and better, it ain't coming."

Mr. Kasich, best known as the House Budget Committee chairman, used Presidents' Day on Monday as the official kickoff of his presidential exploratory committee, a step that enables him to raise money and travel in preparation for an eventual run for the Republican nomination.

Mr. Kasich sounded his call to return power to the people. "The mission is to pursue the economic destiny of every single American citizen while at the same time renewing and rejuvenating the American spirit," he said. He advocates a 10 percent across-the-board tax cut, school vouchers and private investment options for Social Security benefits. (WP)

## Dangers in Federalizing Crimes

WASHINGTON — An American Bar Association panel led by former Attorney General Edwin Meese 3d has warned lawmakers against the "misguided, unnecessary and harmful" tendency of showing they are tough on criminals by turning more offenses into federal crimes.

In a report, the panel said that the penchant for federalizing crimes that had been the purview of the states — like murder, drug possession and trafficking, rape and robbery — ran counter to the nation's historic reluctance to concentrate broad powers in a national police force.

Enactment of each new federal crime bestows new federal investigative power on federal agencies, broadening their power to intrude into individual lives," the report said. "Expansion of federal jurisdiction also creates the opportunity for greater collection and maintenance of data at the federal level in an era when various databases are computerized and linked."

The report, entitled "The Federalization of Criminal Law," said 40 percent of all federal criminal laws that had been enacted since the Civil War were passed since 1970. (NYT)

## Quote/Unquote

Joe Lockhart, the presidential spokesman, responding to questions about President Bill Clinton's fuzzy, but clearly not accidental, comments about the possibility of Hillary Rodham Clinton seeking a U.S. Senate seat: "The president was particularly unclear on that subject today, and I have nothing to say to clear it up." (WP)

## Republicans Trumpet Tax Cuts to Polish Image

By Thomas B. Edsall  
Washington Post Service

WARREN, Michigan — In the heart of a Democratic Party stronghold that was swayed into the camp of President Ronald Reagan years ago, the Senate majority leader, Trent Lott of Mississippi, kicked off the first of 150 town hall meetings this year to change the image of the Republican Party from the "party of impeachment" and to focus attention on a tax-cutting, pro-defense agenda.

"The meeting here today is to show we are finished with that," Mr. Lott said Monday, referring to impeachment.

"We are moving on," he said at the close of the session in the Ukrainian Center here, where he was joined by Senator Spencer Abraham of Michigan, and John Engler, the Republican governor of Michigan. All three stressed their support for a 10 percent across-the-board tax cut, the centerpiece of the Republican Party's agenda.

Warren — a white, working-class suburb of Detroit that in 1980 and 1984 demonstrated the

strength of the Reagan revolution — in recent years has made a dramatic transition from dependence on heavy manufacturing to become a high-tech growth center. In the process, voters in this area of Macomb County have again become willing to support Democratic candidates.

Republicans are betting heavily on the tax issue to blunt widespread public distaste for impeachment. "In this era of budget surplus, Washington has a moral duty and fiscal responsibility to lower Americans' taxes," Mr. Abraham said.

He said that "federal taxes consume 21 percent of national income, the highest proportion since World War II."

Mr. Abraham distributed tables showing that at 20.7 percent of gross domestic product, federal taxes are higher in 1999 than in any year since 1950.

Clinton administration officials dispute Republican assertions that tax burdens are at historic highs. Using data from the Congressional Budget Office, the administration says total tax collections are high because income, particularly

the income of the affluent, has risen sharply.

An administration official cites both Treasury and Budget Office studies to show the tax burden on individuals is at a record low: "According to the CBO, the effective federal tax rate of the 20 percent of American families with middle incomes fell from 19.2 percent in 1992 to 18.9 percent in 1999 — that's the lowest tax rate since data were first reported 20 years ago."

Republicans and Democrats are engaged in a battle over who benefits most from an across-the-board tax cut. Mr. Lott and Mr. Abraham said it is only fair to return the federal surplus to taxpayers in proportion to the taxes each paid.

Mr. Lott brought the case for the 10 percent cut here in hopes of reviving Republican support among a key segment of the electorate: working-class whites.

In 1996 Mr. Clinton brought the county, which had voted for Mr. Reagan, back into the Democratic fold, as he broke Republican holds on suburban counties across the country. The local Democratic Party has a 16-to-9 majority on the county commission.

## Away From Politics

• The percentage of Americans wearing seat belts rose in 1998 as police stepped up enforcement of seat-belt laws, with, for example, 65.1 percent buckling up around the Memorial Day holiday last May, compared with 62.2 percent during the same period in 1997, the National Highway Traffic Safety Administration said. (AP)

• A wind-whipped fire destroyed a church in Lake Worth, Texas, killing three firefighters who were trapped when the roof collapsed and injuring three others. Investigators said that they believed the blaze had been set. (AP)

• About 25 overweight people picked a San Francisco outlet of 24 Hour Fitness, a health-club chain, to protest a billboard advertisement declaring that when space aliens encounter humans, "they will eat the fat ones first." (Reuters)

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## ASIA/PACIFIC

## For a Day, Vietnamese Rest (and Fret About Year's First Visitor)

By David Lamb  
Los Angeles Times Service

HANOI — On Monday night, in millions of homes across Vietnam, families took their last baths of the year, and held off the dirt of past misfortune, and held send-off ceremonies for the kitchen gods who ascend to heaven to give their annual report to the Jade Emperor on the moral conduct of household members.

And when Vietnam awoke Tuesday, the land seemed to have been abandoned. City streets were deserted. Every shop was closed. No farmers or water buffalo worked the rice paddies.

To find this industrious, bustling country so suddenly quiet is an odd experience, considering that shopkeepers routinely work 14 to 16 hours a day, seven days a week, and that farmers

never take a day off.

But Tuesday was the start of Tet, or the Chinese Lunar New Year, heralding the start of spring, when heaven and earth are in harmony. It is the country's most joyful happening, a time when Vietnamese both here and abroad feel a spiritual obligation to be at home with their families. It is virtually the only time all year that the Vietnamese stop working long enough to enjoy the fruits of their labors.

To many Americans, Tet is a military offensive, not a holiday.

And indeed, last year, on the 30th anniversary of Communist attacks on cities in what was then South Vietnam, even the government-controlled media did a considerable amount of reminiscing about the event.

This year, there has been not a word, as

the war continues to fade from the consciousness of the 77 million Vietnamese, half of whom were born after the Americans fled Saigon in 1975. The Communist government's priority today is economic development and political stability, not the rehashing of past battles.

According to government statistics, more than 100,000 overseas Vietnamese — or one of every 20 Vietnamese who live abroad, primarily in the United States, Australia and France — have returned home for Tet. In addition, the government says, overseas Vietnamese have sent \$18 million to their families here for the holiday.

For days leading up to Tet, it was all but impossible to find a seat on any flight to Hanoi or Ho Chi Minh City, as Saigon is now known. The three-times-a-day train between the two cities was so

packed that railroad authorities had to add extra carriages. And streets were shoulder to shoulder with Tet shoppers — whose spending is monitored by the government to gauge consumer confidence, in the same way Christmas sales are closely watched in the United States.

In the dark economic days of little more than a decade ago, a cake of soap or a jar of shampoo was a precious Tet gift. But now, with Vietnam moving into a free-market economy, such items are commonplace, and gifts this year are more likely to be wine, imported candy or peach and kumquat trees — the local equivalent of Christmas trees — which shoppers have brought home strapped on their bicycles and motor scooters.

For the Vietnamese, Tet is Christmas and New Year's wrapped into one. Rather than being a raucous occasion, it

is a time to pay homage to deceased ancestors, gather quietly with family and friends and enjoy special foods.

Every household waits nervously on Tet to see who its first visitor of the new year will be. If it's someone who has known misfortune in the old year — such as losing a job, suffering a death in the family, or ill health — the hosts believe they can be cursed with bad luck throughout the year. Some families are so superstitious that they arrange their "first-footing" visitor far in advance.

The Vietnamese say the stars are properly aligned to make this, the Year of the Cat, a period of prosperity and good fortune. (The Chinese recognize this as the Year of the Rabbit.) It may be no coincidence that 1975, when the war ended and Vietnam's first era of peace in 150 years began, was also a Year of the Cat.

## BRIEFLY

## Spratly Structures Done, Manila Says

MANILA — Defense Secretary Orlando Mercado said Tuesday that China had completed its enlargement of structures on a Spratly Islands reef claimed by both Manila and Beijing.

Mr. Mercado said recent surveillance photos taken by the Philippine military showed that the completed structures on Mischief Reef in the South China Sea include a three-story concrete building that Beijing says will be used by Chinese fishermen but Manila says could have military uses. Other facilities include a wharf, a permanent platform for helicopters, gun placements, antennas and radar, he said. (AP)

## Defection in India

NEW DELHI — A party with four members in Parliament said Tuesday that it would withdraw support from the 11-month-old government, putting it on the brink of collapse, United News of India reported.

Om Prakash Chautala of the Indian National Lok Dal party announced the move after a meeting with Prime Minister Atal Bihari Vajpayee. He said the government had refused to roll back price increases on subsidized basics.

Mr. Vajpayee's Bharatiya Janata Party and 18 allies won a confidence measure with 274 votes last March. If all members are present and voting, a government would need 272 votes to stay in power. (AP)

## Quake Aftermath

KABUL — Thousands of Afghans are living without shelter in extreme cold and are in need of immediate international help after the earthquake last week south of Kabul, government officials said Tuesday.

The officials said health authorities of the Taleban militia had found that 30 percent of children in Wardak Province were without shelter and suffering from pneumonia. (Reuters)

## For the Record

The former finance chief of the doomed cult Aum Shinrikyo, Hisako Ishii, was sentenced to three years and eight months in prison Tuesday for aiding other cult members after their 1995 nerve gas attack on the Tokyo subway. (AP)

## Jakarta Aide Says East Timor Will Need Democracy Monitors

New York Times Service

JAKARTA — The International community should step in and help East Timor's transition to democracy if the former Portuguese colony gains independence from Indonesia, a senior presidential adviser said Tuesday.

Dewi Fortuna Anwar, international affairs adviser to President B. J. Habibie, said the job of disarming East Timor's rival factions and maintaining law and order should be borne by the international community. With its morale currently at a low ebb, Indonesia's 500,000-strong military could not be relied on to do the job because it is not regarded as neutral, she said.

Speaking in Jakarta on the second day of the Asian-German Editors Forum, Miss Anwar, touted as a future foreign minister, said if a wide-ranging autonomy package for East Timor proved unacceptable, then Indonesia's 27th province should be cut loose. Miss Anwar rejected an option of several years of autonomy for the province before a vote on self-determination.

"I tend to believe the longer we leave the situation, the more difficult it will be to resolve," she said. "The most important thing at the moment is to ensure disarmament among the East Timorese."

Violence is on the rise in East Timor between various armed factions supporting either independence or integration with Indonesia.

Talks brokered by the United Nations are currently being held in New York between Indonesia and Portugal to dis-

cuss a wide-ranging autonomy offer for East Timor. But Mr. Habibie said last week that if this is unacceptable then East Timor should be given independence without delay, a prospect that could happen within one year.

Miss Anwar rejected claims that independence for East Timor would result in the disintegration of Indonesia by causing repercussions to other provinces where separatist movements are active, notably Aceh in northern Sumatra and western Irian Jaya.

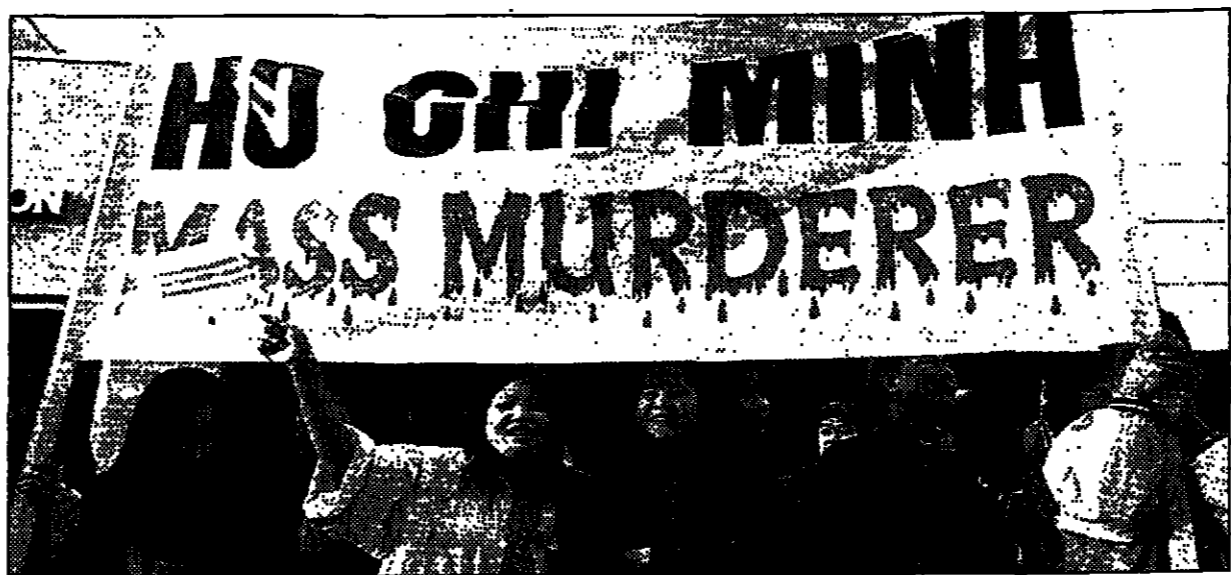
"The problem of East Timor is due to its very different history," she said, noting Dutch colonialization of the other provinces had helped forge a common identity in creating modern Indonesia.

Amrieti Rais, chairman of the National Mandate Party, a front-runner in the elections taking place June 7, said his party supported two to three years of autonomy for East Timor before offering a referendum on self-determination. "Immediate independence is not a very wise solution," he said.

He had earlier offered Miss Anwar the job as Indonesia's next foreign minister if his party won the elections.

Regarding recent law and order problems across the archipelago, Miss Anwar hinted that rogue intelligence agents loyal to Suharto, the disgraced former president, were responsible for stirring up recent religious and ethnic violence.

Asked about reforming the armed forces, she said they should not be isolated from democratic reforms that aimed for gradual but total "civilian supremacy."



Vietnamese youths holding banners and flags outside Troung Van Tran's video shop in Westminster, California.

## California Battle Over Ho Chi Minh Heats Up

By Don Terry  
New York Times Service

WESTMINSTER, California — In an increasingly tense standoff here between the First Amendment and memories of war, hundreds of Vietnamese immigrants have blocked the entrance of a video store where the owner wants to re-hang a poster of Ho Chi Minh.

Dozens of police officers in riot gear formed a wall on Monday as protesters, saying they would rather die than allow the poster to go up, shouted "Democracy!" and "Freedom!" Fearing that the demonstration might turn violent, the police persuaded the shop owner, Troung Van Tran, 37, to stay away on Monday. But Mr. Tran's wife, Kim, said in a telephone interview that "we're going to do it another day."

Last week, Mr. Tran's First Amendment right to hang the poster of the former president of North Vietnam and a Vietnamese flag was affirmed by an Orange County Superior

Court judge, who last month ordered the items taken down, pending a hearing.

Mr. Tran, who came to the United States from Vietnam in 1980, put up the poster and the flag on Jan. 18. He says the move was intended to generate dialogue and healing among Vietnamese here. But as word of the poster spread, hundreds of his former countrymen rallied in front of his store demanding that the picture be taken down.

As many as 600 demonstrators began gathering at the store before 9 A.M. on Monday. Mr. Tran had said he would reopen his shop at 10 A.M., but he never showed up. A police lieutenant, Bill Lewis, said authorities were negotiating with the protesters and with Mr. Tran about how to proceed. "The bottom line," Lieutenant Lewis said, "is that we have to maintain the peace and Mr. Tran's First Amendment rights."

Several protesters said that they cherished freedom of speech, but that Mr. Tran was abusing it. "He doesn't know how to use his rights wisely," a speaker bellowed on a public address system, "so he doesn't deserve to have any rights at all!"

## JAPAN: Government Spends to Send Workers Back to School

Continued from Page 1

Labor Ministry officials defend their efforts, saying they have a detailed list of the types of employees and services in short supply, such as workers certified as computer technicians, accountants and to care for the elderly.

Muneaki Ueda, executive vice president of Pasona Inc., a job-placement and temporary employment agency, said certain jobs are indeed hard to fill, but he added that he was skeptical that the government program would address the needs of employers because it has been drawn up by bureaucrats with no business experience.

Other critics question how much a six-month or one-year training course can teach employees, considering that professional and technical courses of study in the United States and Europe often last two or three years. But Yoshinobu Udagawa, general manager at Murata Educational Institute, a respected accounting school, said the programs would allow those with rudimentary accounting knowledge to gain the specialized skills in demand.

Mr. Kishimoto's students — a few women and more than two dozen men, mainly in their 40s and 50s — take six classes a day, five days a week at the government-run school, called Ability Garden. They are studying product management and spreadsheets and learning to analyze profits and cash flow.

Such skills were less vital in the old Japanese business world, where large companies supported small ones, banks stood behind longtime customers and the government stood behind the banks, promising they would not fail.

Now that old business world is fading away. Thus Mr. Toshimitsu, who lost his job at a restaurant chain last year, hopes the skills he is learning will be needed. "I think there are many small and midsize companies that don't know how to do this kind of financial analysis," he said. "I think I could use these skills there."

In Japan, midlife career switches are not common, and the network of professional schools is small. More important, the traditional Japanese employment system of lifetime job security has discouraged labor mobility, as each company spends years training its employees in its culture. Few companies hire midcareer employees.

In the past, government job programs focused mainly on subsidizing the wages of employees at struggling companies, to prevent layoffs. The government still plans to spend \$535 million in the fiscal year beginning April 1 on such payments. But Labor Ministry officials who routinely visit companies say that, even with government help, it is getting harder for companies to maintain their employment levels.

Thus at the end of last year, Hiroshi Oyama of the Labor Ministry got his marching orders: Create about 400


classes by April to train 12,000 Tokyo residents. Since then, he has been negotiating with 124 professional schools to set up classes in a variety of subjects, including accounting, computing, marketing and advanced manufacturing techniques. The effort is being made across Japan, with the goal of training 61,000 Japanese, who will be able to go to school for free and collect unemployment benefits for up to six months.

At the same time, the Labor Ministry has organized a media blitz to promote a new program aimed at creating thousands of entrepreneurs, fast. The government will pay half the salaries, up to a limit of \$29,000 per employee per year, for a maximum of six employees at start-up companies in any industry.

Meanwhile, anyone who has worked full-time for at least five years can go back to school, and the government will pay up to 80 percent of tuition for one year in one of 3,400 approved courses. Other programs focus on helping those over 45. Their higher salaries make them more likely to be targeted for layoffs and less likely to be offered new jobs, Mr. Oyama said. There is no ban on age discrimination in Japan.

An internship program pays companies to take on unemployed people over the age of 45 for up to six months. Each intern continues to receive unemployment benefits during that period as well as commuting money and \$5 a day for lunch and other expenses.

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## EUROPE

## Russia, Using Its Influence on Serbs, Plays a Key Role at Kosovo Talks

By Jane Perlez  
New York Times Service

RAMBOUILLET, France — The broad shape of a peace deal that the two sides in the Kosovo conflict are being compelled to accept has begun to emerge, with Russia playing a key role in working to persuade the Serbs to allow NATO-led peacekeepers to take up positions on their territory.

President Jacques Chirac of France said Monday that Russia, historically an ally of the Serbs as fellow Slavs, had agreed that a ground force in Kosovo was the best solution to stop the bloodshed in the ethnic Albanians' battle for independence, and that Russian soldiers would likely be part of the peacekeeping deployment.

"The Russians accept it, and I'm convinced they would participate in it," President Chirac said.

Also Monday, Foreign Minister Igor

Ivanov of Russia visited the chateau here, southwest of Paris, where the Serbian and ethnic Albanian delegations have been sequestered, and he said later that military intervention would be "discussed with Belgrade."

He was referring to Slobodan Milosevic, the authoritarian president of Yugoslavia. Serbia is the dominant of the two republics remaining in the Yugoslav federation, and Kosovo is a province of Serbia.

The Russians, who have never before been so helpful to the West on the long-running problem of dealing with Mr. Milosevic, pledged their help last month on resolving the Kosovo issue when Secretary of State Madeleine Albright visited Moscow.

In the next few days, as the Saturday deadline for the talks approaches, the Russians have promised to persuade Mr. Milosevic of the necessity of accepting the troops, a senior European diplomat

said.

"The Russians are working on the Yugoslavs and were asking for a little more time," the diplomat said. "The Belgrade leadership needs to put some spin on this, but seems more or less resigned."

Acquiescence to the presence of troops on Yugoslav soil is part of a basic tradeoff for the two sides that goes as follows, two European diplomats close to the talks said:

The ethnic Albanians must drop their demand for a referendum on the status of Kosovo at the end of the three-year interim period established by the plan.

At the same time, the Serbs must agree to a NATO-led peacekeeping force, a proposition that they have vehemently opposed on the grounds that it would represent an infringement on Serbia's sovereignty.

"It's 'yes' to NATO for the Serbs and 'no' to a referendum for the Albanians,"

one of the diplomats said. "All the rest is conversation."

The suspense for the next few days will be seeing how President Milosevic decides to maneuver and whether the ethnic Albanian delegation, which has shown unexpected unity, will accept the disappointment of not being promised a referendum on independence.

## ■ U.S. Envoy Flies to Belgrade

Charles Truehart of The Washington Post reported from Paris:

The chief U.S. negotiator for Kosovo, Christopher Hill, left the peace talks for Belgrade on Tuesday to give President Slobodan Milosevic the international community's latest warning to sign a peace agreement or risk military punishment.

The intransigence of the Serbian negotiators has become the widely predicted central stumbling block, a "deal breaker," Secretary of State Madeleine

Albright said about an interim accord, which mediators insist must be signed by noon on Saturday.

President Milosevic and the delegation he sent to Rambouillet have refused to consider any foreign troop in Kosovo Province, where ethnic Albanian separatists have been waging a year-old armed struggle for independence.

Secretary of State Albright spoke by telephone with President Milosevic on Tuesday morning, a senior U.S. official said, and the Yugoslav leader agreed to receive Mr. Hill, who will be accompanied by diplomats from Britain and France, the host countries for the peace conference.

Mr. Hill, who is the ambassador to Macedonia, will brief Mr. Milosevic on what the United States regards as the ethnic Albanian delegation's likely acceptance of the draft interim accord.

"We're in spitting distance of a 'yes,'" the official said — even though

the settlement reportedly will say nothing about the province's dream of independence or even of future mechanisms to vote on it.

The Kosovo Albanians' prior acceptance of the deal is important to the final confrontation with Mr. Milosevic, the source said, because it would place blame for an impasse squarely on one side.

"It ensures that those who have doubts about the use of air power against Yugoslavia will not have any arguments," a Western diplomat said.

Failure to come to a deal because of Serbian intransigence on this issue will result in NATO air strikes on Yugoslav military targets, U.S. and European officials have warned over and over again.

Westerners in Pristina, capital of Kosovo Province, were reported to be packing for possible evacuation in the event of air strikes.

## Ulster Rivals Back Plans For Shared Government

But Disarmament Dispute Still Threatens Peace

By James F. Clarity  
New York Times Service

BELFAST — The Northern Ireland Assembly approved sweeping changes in the political structure of this predominantly Protestant British province on Tuesday. The changes are designed to give the Roman Catholic minority more power and to end the sectarian violence that has killed more than 3,200 people in the last 30 years.

The approval, by a vote of 77 to 29, and after two days of acrimonious debate at the Assembly in the Stormont area of Belfast, was hailed by mainstream Protestant and Catholic leaders as an historic move toward permanent peace.

The changes would also give the overwhelming Catholic Irish Republic more influence in northern affairs and pave the way for the restoration of home rule powers to the Assembly by the British government in London. Britain has ruled here directly since 1974, with local councils controlling only burials and garbage removal.

But the final enactment of the changes was still threatened by the bitter dispute over the disarmament of the Irish Republican Army, which has observed a cease-fire for 19 months, but refuses to surrender a single bullet or a pound of Semtex from its arsenal, estimated at 100 tons of weapons and explosives.

The Protestant first minister of the Assembly, David Trimble, insists that until disarmament actually begins, the IRA's political wing, Sinn Fein, will not be allowed to participate in the new executive cabinet being prepared to accept the return of home rule powers from London, scheduled to begin next month.

Without Sinn Fein's representing the IRA in the new structures, the changes, designed to bring the Republican movement into a peaceful political process, would be futile and could lead to a resumption of paramilitary violence by the IRA and by smaller, but efficient, Protestant guerrilla groups.

Some of the Protestant groups have threatened to make attacks in the Irish Republic if the peace effort fails.

The president of Sinn Fein, Gerry Adams, notes, accurately, that the peace agreement approved last year does not require disarmament before May 2000 and that the sustained cease-fire reflects the IRA's support of the peace effort.

Mr. Trimble says that this is not enough, that the Protestant majority needs assurance in the form of arms surrender. Some mainstream Catholic leaders are straddling the issue, affirming the need for disarmament now, but acknowledging that it is not actually required by the peace agreement approved by leaders last spring and overwhelmingly confirmed in June in referendums in the North and the Irish Republic.

Officials say that Mr. Trimble and Mr. Adams will have to blink soon, approving a solution to the disarmament dispute that both can describe as a victory. One possibility, they say, is a statement by the head of the disarmament commis-

sion, General John de Chastelain, the former chief of staff of the Canadian Army. But no one has proposed exactly what General de Chastelain could say to finesse the problem and end the growing sense of crisis in the peace effort.

Under Tuesday's vote, Northern Ireland is to have 10 government departments to deal with most matters, excluding security and taxation, and a North-South Ministerial Council of six units comprising officials from the North and from the Irish Republic supposed to cooperate in areas like the economy, tourism and agriculture.

Protestant hard-liners, like the Reverend Ian Paisley, see this cooperation as an abominable prologue to a united Ireland, free of British control, run from Dublin. But the peace agreement stipulates that there will be no end to British sovereignty here without the consent of the majority, which is likely to remain Protestant well into the new century.

## GI's in Kosovo? Critics Fear That It's a Dark Alley

By Serge Schmemmann  
New York Times Service

NEW YORK — While President Bill Clinton's proposal to send U.S. troops to Kosovo heartened promoters of a more active American role in preventing ethnic carnage, it also aroused fears that the administration is marching into an ancient swamp without a clear idea of how not to get mired in it.

In his announcement during the weekend, Mr. Clinton said that about 4,000 soldiers would be sent to the Serbian province of Kosovo only if the warring ethnic Albanians and Serbs there agreed and only as part of a 28,000-strong NATO peacekeeping force.

He argued that it was in the United States' national interest to resolve a conflict that could lead to "tremendous loss of life and a massive refugee crisis in the middle of Europe."

There was little debate among foreign-policy experts and politicians that stopping bloodshed was a worthy objective in itself and that the struggle in Kosovo, an enclave bordering on Albania and Macedonia with a predominant population of ethnic Albanians, had the potential to escalate into something far larger and more threatening.

The doubts focused on whether Kosovo really touched on American national interests and whether the administration really knew what it was getting into or how to get out of a region notorious for its instability and complexity. More broadly, critics charged that Washington was plunging into the morass of the Balkans without a concrete idea of its role as the world's sole superpower.

"I'm very torn about it," said Henry Kissinger, the former secretary of state. "At this point I will support it, but we

can't do this. We can't get involved in every ethnic conflict as a police force without sooner or later getting overextended. I think we need a national discussion about what we are trying to do."

Among congressional critics, Senator John McCain, Republican of Arizona, took a similar stance. He said he would support sending forces to Kosovo because of the threat of a broader conflict, but "with great reluctance."

"We have no exit strategy," he said. "We have no concept of how we want to settle this situation." This was so, he added, even though the president has been aware of the Kosovo crisis for a long time.

Senator Daniel Patrick Moynihan, Democrat of New York, agreed on the dangers, and on the need to prevent the conflict from spreading. "The Balkans is a place you can go and you can get lost and never be seen again or heard from again," he said.

Barnett Rubin, who has followed the crisis as director of the program on preventive action at the Council on Foreign Relations, argued that the very instability of the region made it a national interest, as the United States has long considered its security linked to European security.

"The conflict in Kosovo, apart from any humanitarian aspect, has the threat of spreading in that region," he said. "It could draw in Greece, then Turkey. This is the southeastern flank of NATO, which involves relations with Russia, Germany and other things important to us. So even though there's no immediate threat, this doesn't mean it doesn't involve our interests."

One of those interests, argue American officials and others who support

Mr. Clinton's decision, is the intangible damage to North Atlantic Treaty Organization credibility if the alliance allows massacres and open warring to continue unrestrained in Europe. The costs of idleness in the face of atrocity could well outweigh the risks of intervention, they say.

"To some extent we've created an interest because of all the talk of American and NATO credibility," said Richard Haass, director of foreign-policy studies at the Brookings Institution.

Among those who welcomed Mr. Clinton's decision, the notion that the latest Balkan flare-up could spread only underscored the fact that America had to be prepared to quell ethnic brush fires early, before they became conflagrations.

"With the end of the Cold War, America still has strategic interests in Europe," said Richard Holbrooke, the representative-designate to the United Nations, who was instrumental in negotiating the peace agreement in Bosnia. "When people boast that we're the only remaining superpower, they have to recognize that this fact implies obligations and responsibilities as well as opportunities. It took us four years to get our act together in Bosnia, and when we finally did, belatedly and reluctantly, it was decisive."

The dilemma for the United States now is that we face a choice in places like Kosovo between a relatively early involvement, by which to prevent worse tragedy, or a more costly involvement later, after tragedies even greater than those we've already seen. Americans are understandably reluctant to do this, and it is incumbent on the administration to make the case to Congress and the American public. Skepticism is justified, but leadership is necessary."

For those prepared to see the United States assume a policing role in the world, one troubling question is how to select crises in which to get involved. Why, for example, is it reasonable for U.S. forces to go to the Balkans, but not to far bloodier places like Rwanda?

The predominant response is that Americans simply cannot go to every crisis, that there are limits to what the public will accept and that different crises pose different degrees of danger.

"It's a question I have struggled with for a long time," said Lawrence Eagleburger, a former secretary of state. "Geographically, Rwanda and Burundi are much harder to deal with, and to put it bluntly, in contrast with Kosovo, they are a distinctly different level of threat. Kosovo is not only in Europe, but could engage other members of NATO, Greece and Turkey."

"Having said that," he added, "it's hard to ignore that tens and hundreds of thousands of people are getting killed in ethnic conflicts around the world."

Mr. Haass, who worked on the National Security Council for the Bush administration, said the United States has to assess crises one at a time. It has to "ask about stakes, but also whether we can devise an intervention that can accomplish some good at a cost that doesn't outrun the stakes." In Kosovo, he said, "arguably we can."

Yet more broadly, he said the United States has to accept that its history and power vest it not only with strategic responsibilities, but also with moral obligations. "Part of what makes a great power great is its willingness to put itself on the line even when vital interests are not involved," he said.

"In some ways this is about trying to promote our vision of order. It's something we choose to do, not have to do."



REMEMBRANCE — A Sarajevo resident clearing snow from grave of his sister, who died in siege of city.

## BRIEFLY

## Miners Again Move Toward Bucharest

PETROSANI, Romania — A day after he was sentenced to 18 years in prison for a deadly 1991 protest, Miron Cozma, a leader of Romania's coal miners, led his followers on a renewed defiant march Tuesday toward the capital.

The miners were cheered as their buses passed through villages along the route, arriving in the city of Targu Jiu, about 240 kilometers (150 miles) northwest of Bucharest. They gathered in a central square and chanted "Cozma! Cozma!" as security troops stood by.

Three thousand coal miners massed earlier in a village about 20 kilometers south of this western city, seeking to prevent the arrival of Interior Ministry troops to arrest Mr. Cozma.

Most of the coal mines in the western Jiu Valley were closed Tuesday, with miners refusing to work to protest Mr. Cozma's sentence. The Industry Ministry called the protest illegal. (AP)

## After Snow Deaths, Fire at Ski Resort

GRENOBLE, France — Fire tore through the center of the French alpine town of Chamonix on Tuesday, destroying a community hall a week after a huge avalanche killed 12 people near the popular ski and summer resort.

The fire broke out around 11 P.M. Monday and burned for most of the night as firefighters were hampered by the narrow streets and confined spaces of the old town, the police said.

Four firefighters were slightly injured and about 50 people had to be moved out of their homes when the fire spread to buildings around the community center.

Last Wednesday, an avalanche swept into 17 chalets and killed 12 people near Chamonix, in the Mont Blanc region. (Reuters)

## Annan Gives Libya Assurances on Trial

UNITED NATIONS, New York — The UN secretary-general, Kofi Annan, in his contacts with Libya over the Lockerbie trial, has promised that the prosecutors would not try to undermine the Libyan government, diplomats said Tuesday.

Any trial in the Netherlands of the two Libyans accused in the 1988 bombing of a Pan Am Flight 103 over the Scottish village of Lockerbie would be a criminal one to determine guilt or innocence, not a political prosecution.

Libya said over the weekend that it was willing to hand over the two alleged agents for trial before a Scottish court sitting in the Netherlands. But diplomats said Tripoli wanted political assurances. (Reuters)

## GERMANY: Firms Pledge to Give to Fund

Continued from Page 1

Historians say that as many as 800,000 Poles, Czechs, Russians and Ukrainians were subjugated by the Nazis and forced to perform backbreaking tasks in inhumane conditions to sustain camps and factories during the war. While lump-sum payments were made to Poland and other East European countries, victims living under Communist rule rarely saw any of the money.

As the first German leader with no direct personal experience in the war, Mr. Schroeder says he wants his country to enter the new millennium having paid off its outstanding debts to history. He has dispatched his chief troubleshooter, Bodo Hombach, to the United States and Israel seeking to broker a solution on the slave-labor question with the help of those governments and lawyers representing the claimants.

But the biggest factor that may have broken the impasse has been a new willingness by German companies to confront the past and settle accounts left over from the Holocaust. As in politics, a new generation of German business managers is striving to clear up Nazi-era injustices that their parents and grandparents failed to resolve.

Many German companies have hired independent experts to sift through wartime archives to explore what must be the darkest chapter in their company history. Only two weeks ago, Deutsche Bank historians released

documents showing how bank managers were fully aware that loans they disbursed helped finance the construction of the Auschwitz concentration camp.

The motives of German companies, however, are also being driven by powerful economic considerations. Many of them feared that unless some kind of compensation fund was established, they could face the kind of international business boycott that threatened Switzerland's two largest banks until they reached a \$1.25 billion settlement signed just last month.

In the case of Deutsche Bank, Chairman Rolf-Ernst Breuer, who has been a rallying force in setting up the fund, only started pushing the idea when he realized that a proposed \$10 billion purchase of Bankers Trust in the United States could be derailed unless some kind of deal was achieved.

But Michael Wini, a lawyer in Munich who represents some of the slave-labor claimants, said there were dozens of other firms that profited from the Nazi forced labor regime and have a moral obligation to contribute to the fund. He said that as many as one million people may have legitimate legal claims to compensation.

In their joint declaration, the German firms



Krupp's chairman, Gerhard Cromme, left; Deutsche Bank's chairman, Rolf-Ernst Breuer, center, and Chancellor Gerhard Schröder at a press conference on Tuesday in Bonn.

recognized that many of the victims were reaching the end of their lives and vowed to expedite assistance to them in a manner that is "fair, cooperative, unbureaucratic and above all fast." The German government, which will supervise the fund, wants the first payments to be approved by Sept. 1, the 60th anniversary of the invasion of Poland.

The companies include some of the biggest names in German banking and industry. They include the automakers Volkswagen, BMW and DaimlerChrysler; the chemical and pharmaceutical companies Bayer, Hoechst and BASF; Deutsche and Dresdner banks; the industrial firms Degussa-Huels, Krupp and Siemens, and the insurance company Allianz.

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CONRAD  
INTERNATIONAL

**By Steven Pearlstein**  
*Washington Post Service*

whose testimony and tape-recorded conversations eventually led to Mr. Ludwig's arrest in January on nine counts of conspiracy to destroy property and violate explosives laws.

Since then, Canadian newspapers have lined up to editorialize against the unusual police tactics. Cartoonists had a field day at the expense of the Mounties' bomb squad. Opposition politicians here and in Ottawa demanded investigations.

And most legal experts have agreed with an Edmonton lawyer, Gwilym Davies, a former law professor, that the Mounties had "gone over the line" in fighting crime with crime.

"This isn't Waco, Texas," said Mr. Ludwig's lawyer, Richard Seccombe. "It's Canada! We don't do things like that up here."

For the Mounties, this was the latest in a series of controversies that have damaged their reputation.

For more than a year, a special panel has been trying to determine whether the Mounties abused the rights of student protesters at a summit of Pacific Rim leaders in Vancouver in 1997 on orders from Prime Minister Jean Chretien.

After months of resistance, the federal government agreed Monday to pay the legal costs of the protesters during the official inquiry into the confrontations.

Here in Edmonton, a judge recently threw out murder charges against a man the Mounties had tried to entrap into a confession by staging a fake killing in front of him, then sending him to Toronto

to pick up an illegal million-dollar payoff.

But in the town of Hythe, where Mr. Ludwig lives and where concerns about civil liberties take a back seat to concerns about safety, residents have lined up solidly behind the Mounties.

"If you blow up a sour gas line, you will kill a lot of people," said Hythe's mayor, Frank Webb, referring to the strain of natural gas found here that can be fatal if inhaled even in small doses. "That's not eco-terrorism — that's just plain terrorism. We had to do something to put a stop to it."

Ever since a gas leak forced evacuation of his 320-acre (130-hectare) Trickle Creek "community" in 1991, Mr. Ludwig has blamed the industry for the death of 60 of his livestock and a succession of human health problems.

At first, his protests were confined to administrative appeals filed with government regulators who routinely proclaimed, along with industry officials, that there was no scientific evidence linking oil-patch activities to problems with animal or human health. But beginning in 1996, Mr. Ludwig began issuing warnings of possible violence if the industry did not change its ways.

Small acts of sabotage against the industry began that same year. The regional Mounties commander messaged superiors that a serious situation was developing. More than a year later, bullets were fired through the manager's office at the Alberta Energy Co. plant in Hythe.

Eventually, the Mounties would assign as many

as 100 investigators to the case.

By the time of the Beaverbrook bombing, the police had logged nearly 160 incidents, including three gas-line bombings and the encasement of three wellheads in concrete.

In July 1998, Alberta Energy offered to pay Mr. Ludwig \$325,000 for his land — 50 percent above market value. He was prepared to accept the deal until he read the fine print, which required him never to return within 500 miles (800 kilometers) of Trickle Creek and never to talk publicly about the buyout or his environmental concerns for the property.

Infuriated, he rejected the offer and vowed to stay and fight.

In the following months, three more bombs went off at oil and gas wells, all within several hundred miles of Hythe.

Last week, the Mounties said that their plotting had reflected the urgency they felt to put Mr. Ludwig behind bars. Phone taps, round-the-clock ground and airborne surveillance and a complete search of Trickle Creek had failed to turn up the necessary evidence.

In January, Mr. Ludwig and an associate, Richard Boonstra, were arrested on charges that appeared to be based almost exclusively on taped conversations with the informant, Robert Wright, who now is believed to be living in British Columbia under the Mounties' witness-protection program.

Mr. Ludwig and Mr. Boonstra are being held without bail, pending a preliminary hearing in May.



**Weibo Ludwig, a Calvinist preacher who engaged in a standoff with oil industry and the police.**

## Saddam's Warning Stirs Speculation on Sanity

**RIYADH** — A Saudi newspaper said Tuesday that Baghdad's threat against Saudi Arabia and Kuwait indicated that President Saddam Hussein was desperate and "has lost his mind."

Iraq has warned that it is prepared to attack air bases in Saudi Arabia, Kuwait and Turkey that are being used by U.S. and British warplanes patrolling no-flight zones over Iraq.

"There is nothing one can say about Saddam's latest statements except that he has lost his mind," the government-owned Al Riyadh daily said in an editorial.

"Saddam is doing strange things, like someone who has lost all hope," the newspaper added.

The White House, meanwhile,

## BRIEFLY

## Series of Explosions Rocks Uzbek Capital

**TASHKENT, Uzbekistan** — A string of five small blasts rocked the Uzbek capital on Tuesday, killing 14 people and wounding 128, in what President Islam Karimov said was an attempt on his life.

A spokesman for the Emergency Situations Ministry, updating the death toll, said that five car bombs had exploded shortly after 11 A.M. A sixth blast was also reported.

Mr. Karimov, 61, immediately went on state television to denounce the perpetrators, who he said were trying to assassinate him.

The president had been due to lead a cabinet session in the government building when two car bombs went off just 100 meters away from the central Mustakillik Square. There was no immediate claim of responsibility. (AFP)

## Artillery Duels Erupt South of Eritrea Port

**ADDIS ABABA, Ethiopia** — Ethiopian and Eritrean gunners exchanged "heavy artillery fire" on Tuesday on the eastern front, about 70 kilometers (40 miles) south of Eritrea's strategic Red Sea port of Assab, the Ethiopian spokeswoman, Salome Tadesse, said.

In Assab, an Eritrean Army officer said earlier that three Ethiopian fighter-bombers had unsuccessfully attacked a water reservoir that supplies the port city. If confirmed, the raid would be a further breach of a moratorium on air strikes agreed last June. Fighting between the sides resumed this month after a seven-month lull. (AFP)

## Voters Select Leaders For Nunavut Territory

IQALUIT, Northwest Territories — Decades of dreams and hard-nosed negotiations came close to realization Monday as voters in Canada's eastern Arctic chose the first government of Nunavut, a new territory to be created on April 1.

About 80 percent of Nunavut's 25,000 people are Inuit, and the new government is expected to be the first in Canada — except for tribal councils — controlled by an aboriginal people.

A total of 71 candidates competed for 19 seats in the legislature of Nunavut. The new territory will be the first change to the map of Canada since the entry of Newfoundland in 1949.

(AP)

## More Aid Proposed For Central America

**WASHINGTON** — The Clinton administration is asking Congress for an emergency aid package of \$956 million for Central America's rehabilitation and reconstruction from last fall's devastating Hurricane Mitch.

The money, which White House officials characterized as a package assembled with Republican consultation and certain to be approved, would supplement \$300 million already provided for immediate disaster relief.

The package was to be officially announced later Tuesday. President Bill Clinton is scheduled to travel to Honduras, Nicaragua, Guatemala and El Salvador next month. (AP)

flight zones over Iraq.

"There is nothing one can say about Saddam's latest statements except that he has lost his mind," the government-guided Al Riyadh daily said in an editorial.

"Saddam is doing strange things, like someone who has lost all hope," the newspaper added.

The White House, meanwhile, warned Iraq anew Tuesday that if it carried out the threats against its neighbors, the punishment would be speedy and severe.

Any contemplation of that act would be a grave mistake and would be met with a swift response," said the presidential spokesman, Joe Lockhart.

The Iraqi vice president, Taha Yassin Ramadan, sparked the reaction after announcing that Baghdad was capable of striking allied air bases in the region.

The response was the second U.S. warning in as many days amid the almost daily skirmishes in the zones between allied planes and Iraqi air defenses since Operation Desert Fox, the intensive four-day joint air action by Britain and the United States against Iraqi military targets in December.

Even before the Monday warnings, Turkey considered the threat from Iraq serious enough that it asked the United States to send a battery of Patriot air-defense missiles to Incirlik, which the Department of Defense agreed to do in January.

The United States also has Patriots defending bases in Kuwait and Saudi Arabia.

The United States and its allies created the zones to protect Iraqi ethnic groups — Kurds and Shiite Muslims — from facing military attacks by Baghdad, especially from the air.

After the raids in December, Iraqi forces began to confront the U.S. and British jets patrolling the no-flight zones in a series of one-sided exchanges that have resulted in the destruction of several Iraqi anti-aircraft missile sites and other targets with no loss of allied aircraft.

In Ankara, the deputy prime minister of Iraq, Tareq Aziz, defended his government's threats.

"The U.S. and British planes are killing Iraqis, are destroying Iraqi property and this is not acceptable," Mr. Aziz said. "A Turkish air base should not be used by the Americans and British to hurt us."

U.S. President Ramadan said Iraq would attack the Incirlik air base in southern Turkey if Ankara continued to let U.S. and British jets use it to patrol over the northern zone in Iraq.

There was no reaction to the threat from Turkish officials.

U.S. fighter planes based at Incirlik have struck almost daily at Iraqi defense sites after being targeted while on patrol. Iraq has reported a number of deaths in the attacks.

Prime Minister Bulent Ecevit, who met with Mr. Aziz on Monday, before the threat was issued, had rebuffed demands for Turkey to withdraw permission for the air base and asked Baghdad to put and end to "provocative acts" in the no-flight zones.

President Suleyman Demirel did not meet with Mr. Aziz, a gesture that had clearly angered the Iraqi deputy prime minister. "It is the golden rule when a high level official is visiting that he should be received by the head of state," Mr. Aziz said.

The no-flight zones were set up after the 1991 Gulf War to protect the Kurds in the north and the Shiite Muslims in the south.

Mr. Aziz, who traveled to Turkey through the Iraqi Kurdish areas, questioned the validity of the zones.

"They claim they are protecting the Kurds from the Iraqi government," Aziz said. "Then how can an Iraqi deputy prime minister travel so easily?"

He also rejected allegations that Baghdad was providing camps to Turkish Kurdish rebels fighting for autonomy in southeast Turkey.

Prime Minister Ecevit said Monday he had handed over intelligence data on the issue to Mr. Aziz. (AP, AFP, NYT)



**Police in Stockholm using a dog against Kurdish protesters Tuesday after they occupied the Greek consulate.**

## PROTESTS: Kurds Go On Rampage in Europe, Attacking Embassies in Major Cities

Continued from Page 1

reports that Ocalan had been arrested, and we all started calling each other to see what we should do. It was one person talking to another and to another."

There were also less violent, but equally fervent marches by chanting demonstrators outside United Nations buildings and at the gates of the Council of Europe headquarters in Strasbourg.

By late Tuesday morning, a spokesman for the Kurdish Parliament in exile issued a statement asking demonstrators in Europe to desist. Some did.

Protesters in Moscow walked out of the Greek Embassy midday Tuesday and surrendered to Russian policemen. Fourteen men and two women who occupied the Kenyan Embassy in Paris for more than three hours, threatening to immolate themselves and their hostages surrendered quietly to the Paris police. And by Tuesday night, French police had liberated all occupied consulates and embassies. But in other places, many others they would not give up.

"We will stay here until we get some

answers from the Greek authorities," one of the Kurds occupying the Greek Embassy in London told a British radio station. "We are not representing anyone but I can tell you that we have support from the PKK."

Policemen ringed that embassy after an estimated 50 Kurdish protesters broke into the building at around 2:30 A.M. and held a custodian hostage.

Outside, as many as 600 demonstrators, held back by steel barricades, fought briefly with the police, who used dogs and riot sticks to quell the violence. One Kurdish woman set herself on fire and was badly injured before a police officer could douse the flames with a fire extinguisher.

Another of the Kurds inside the embassy, who gave his name as Ofiter, told reporters by telephone: "We are completely committed. We will do anything to get our demands to leave the protesters inside and ready to burn themselves. We throw themselves out of the windows if the police try to break in. We will stay here for as long as it takes."

Germany, which had refused to issue

an extradition order for Mr. Ocalan last November because government officials feared that would provoke the kind of violence that sprung up Tuesday, was not spared. More than 400,000 Kurds live in Germany, including 10,000 in Frankfurt. Policemen and demonstrators battled in nine different cities, from Leipzig to Stuttgart.

Otto Schilly, the German interior minister, pleaded with the Kurds to leave the various consulates peacefully. Policemen in Frankfurt used riot sticks and water cannon to subdue Kurds who were turning over cars. From 100 to 200 demonstrators were arrested after clashing with the police on Tuesday morning, and hundreds more were arrested in Stuttgart.

Policemen had cordoned off the street, surrounded the Greek Consulate with trucks, video cameras and even a few water cannon. But they also allowed more than 100 Kurdish demonstrators to remain on the street, occupied buildings and sing protest songs.

In the state of Baden-Wuerttemberg, a 17-year-old Kurdish girl set herself on fire, and was taken to the hospital with

severe burns.

Chancellor Gerhard Schroeder again sought on Tuesday to distance Germany from the Ocalan affair. "This is a matter which only affects the countries involved," he said. "Those that extradited him and Turkey. The German government is not dealing with this matter."

For months, Mr. Ocalan had appealed to European countries for political asylum or an international trial that would allow him to avoid being deported to Turkey, where he could face the death penalty. Under intense pressure from Turkey, Syria, Russia and, finally, Italy, expelled him. Mr. Ocalan was unable to find harbor elsewhere in Europe and ended up in Kenya.

On Tuesday, as 30 protesters surrendered four hours after storming the Greek Consulate in Milan and holding six people hostage, including the consul, the Italian government implored Turkey to give Mr. Ocalan a fair trial. Italy had refused to extradite Mr. Ocalan to Turkey in November, citing a law that bans Italy from extraditing prisoners to countries that use capital punishment.

## OCALAN: Turkey Seizes Kurdish Leader

Continued from Page 1

ing after Mr. Ocalan's capture was announced. They were told that Ankara intended to "use his trial to show its respect for law and liberties."

"They know they're going to be under scrutiny, and they want to do their utmost to be scrupulously fair," said an ambassador who attended the briefing. "People around Ecevit are going even further. They see this as a way to break the stalemate on human rights altogether, to push through reforms that the system has been resisting."

Several European leaders encouraged their Turkish counterparts to seize this opportunity to improve their image and make substantial improvements in their human rights record.

"We do expect the trial to respect all the guarantees of the rule of law," Foreign Minister Lamberto Dini of Italy said, "and particularly to respect European standards of fundamental rights. We be-

lieve that if Turkey behaves in accordance with European standards, that will help it get closer to the European Union."

Mr. Ocalan lived semi-clandestinely in Syria from about 1980 until October. Turkish military commanders made a series of statements threatening to attack Syria if it did not expel him, and in late October he fled. He turned up first in Russia and then in Italy.

Turkish leaders demanded his extradition, but Italy refused on the grounds that its constitution forbids sending suspects to countries where the death penalty is in force. Furious Turks launched threats that ranged from economic boycotts of Italian goods to the burning of Italian goods.

In January, Mr. Ocalan was reported to have left Italy, and his whereabouts until Tuesday were uncertain. He spent several days this month flying around Western Europe seeking a haven, but found none.

After that episode, he disappeared again.

According to information provided Tuesday by Foreign Minister Bonaya Godana of Kenya, he landed secretly in Nairobi and was sheltered by Greek diplomats.

**■ U.S. Denies Involvement**

The White House said Tuesday that it was "very pleased" by the capture of Mr. Ocalan but denied any direct U.S. involvement in his handover to Turkey, Reuters reported from Washington.

"We're obviously very pleased with the apprehension of this terrorist leader," the White House spokesman, Joe Lockhart, said.

"We have consistently urged all governments to help bring this person to justice consistent with international law."

## Israeli Labor Party Picks 'Doves' for Campaign

**Jerusalem** — The opposition Labor Party, eager to take over from Prime Minister Benjamin Netanyahu's rightist government, has chosen dovish candidates for parliamentary elections scheduled on May 17, and they vowed on Tuesday that they would break — if elected — a deadlock in peace negotiations with the Palestinians.

The Labor leader, Ehud Barak, a former army chief who will challenge Mr. Netanyahu in a race for the prime minister's post on the same day, was unchallenged for the top spot.

Shimon Peres, the former Labor

leader and a Nobel Peace Prize laureate, was unchallenged for the party's second spot.

Mr. Ferres, succeeded by Mr. Netanyahu as prime minister in 1996, favors the creation of an independent Palestinian state by negotiated agreement.

Unofficial results showed Shlomo Ben-Ami, a Moroccan-born liberal with roots in both academia and among low-income people, won the most votes in the Monday of the nearly 170,000 registered Labor Party members.

Ranked third on the unofficial list of

The two vowed that Labor-led peace moves would win world recognition for Jerusalem as Israel's capital.

Mr. Netanyahu asserted that the Labor candidates were old-timers and so far outside the Israeli mainstream that they would easily "surrender" to the creation of a Palestinian state by Yasser Arafat, the chairman of the Palestinian Authority, and concede parts of East Jerusalem to serve as the capital of a would-be Palestinian state.

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## OPINION/LETTERS

## A Modest Proposal: Let's Eradicate Child Poverty

By E.J. Dionne Jr.

WASHINGTON — It is easy to ignore unpleasant facts, especially when they do not affect you personally. But occasionally, someone comes along with a bit of inconvenient news.

In a speech earlier this month to a group of Democrats in Virginia, Bill Bradley, the presidential candidate and former senator from New Jersey, ticked off a list of problems going unaddressed in America. One is child poverty.

Among Americans under the age of 18, one in five lives in poverty. Even if one factors in various forms of federal help, says Wendell Primus, director of income security at the Center on Budget and Policy Priorities, 16 percent of kids are still in poverty.

Talking about child poverty is not fashionable. If you do, you might be cast as a bleeding heart liberal, or, God forbid, a "compassionate conservative."

So here is a modest proposal. Since both parties want to show that the impeachment mess has not crippled their capacity to govern, and since both want to show how reasonable, bipartisan and cooperative they can be, they should undertake a joint venture. Congress and President Bill Clinton should

stand alone for the viciousness of the last year by jointly leading a Campaign Against Child Poverty.

Neither side will get much political benefit out of doing so, which is why they should do it. No one can accuse anyone of political

opportunism. There are not a lot of votes or political action committee contributions in the child poverty issue.

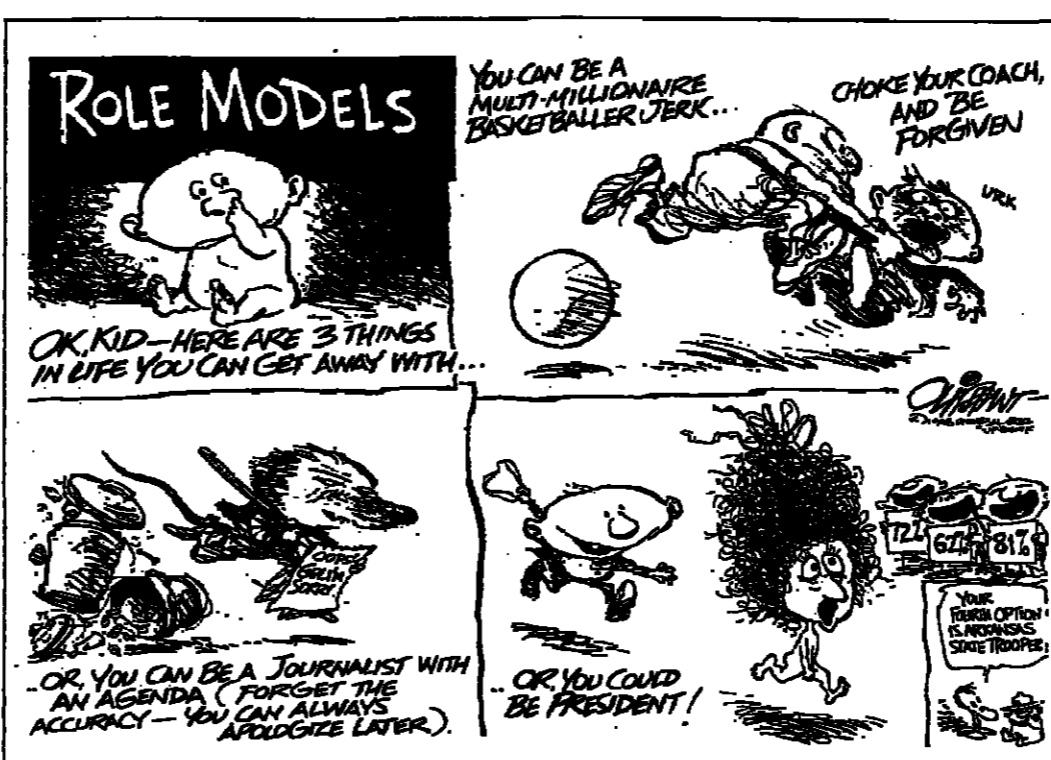
And let's can ideological posturing and accept that there has been some "social learning" about curbing poverty, to use a nice phrase of which Senator Daniel Moynihan, Democrat of New York, is fond. There is little argument now that the rise in the number of single-parent families from the 1960s until a few years ago aggravated poverty.

Despite heroic efforts by individual parents, single-parent families, on the whole, are not good for kids. So a campaign against child poverty necessarily involves family policy.

And could we also stipulate that while government alone cannot solve this problem — the role of voluntary organizations, especially religious institutions, is vital — it will not be solved without government's commitment.

If the old arguments are given a rest, some practical measures become possible. One is for states to spend the money that the federal government is already offering them through welfare reform to help poor kids. They might put the money into better child care or after-school programs, or into helping the parents of poor kids get better jobs.

Mr. Primus says that states are simply not using at least \$3 billion a year in federal money that is available to them for



the poor, and the number might be as high as \$7 billion. Surely the states could do some good with that money.

We can ask if some of that big federal surplus might go into academic enrichment programs for poor kids, both before they go to school and after they get there. It is fair to reserve much of the surplus for Social Security and Medicare, two worthy programs. It is not so fair that kids are being left out as the surplus pie is cut.

With Congress likely to ease the "marriage penalty" in the income tax code, it should also ease the penalty as it affects families who benefit from the Earned In-

come Tax Credit. The EITC lifts the incomes of the working poor. Under current law, unmarried couples in which both parents receive the EITC benefit can see their joint income go down if they marry. That's anti-family.

An interesting assortment of politicians — Senator Phil Gramm, Republican of Texas, the Senate Democratic leader Tom Daschle of South Dakota, Representative Jim McDermott, Democrat of Washington, and Representative Richard Neal, Democrat of Massachusetts — has ideas on how to fix this. You have to like the sound of a Gramm-Daschle Pro-Family Child Poverty Act of 1999.

Finally, Mr. Primus suggests that it would be good for poor kids if we paid more attention to their fathers. It is not just a question of getting "deadbeat dads" to pay child support. It is also about making support payments possible by helping the poorest dads find jobs. Working fathers are far more likely to marry and care for their kids.

No single step will magically eradicate child poverty. But after all the talk over the last year about how this terrible scandal "affected the children," it would be good if politicians in both parties gave some thought to those children who could most use their help.

The Washington Post

## Families Staying Together And Thriving Together

By William Raspberry

WASHINGTON — Are there still people who doubt that good marriages produce strong families, successful children and nurturing communities? Or who disbelieve that failed marriages can lead to weak and economically stressed families, troubled children and shaky communities?

And yet as George Gallup Jr. noted the other day, marriage continues to decline. "If divorce were

under their belts — who spend as much as four months counseling engaged couples on every aspect of marriage.

"Except for the Catholic Church, which was the first to require six months of marriage preparation, and a few scattered congregations, when it comes to marriage, the church has pretty much just been a blessing machine," Mr. McManus said. "Couples tell the minister they'd like to be married in his church — maybe just because they'd like some nice pictures for the wedding album — and the minister gives them what I call a marriage chat, and that's it."

Still, that compares with the national decline in the divorce rate of 1.3 percent over the dozen years. Unless the minister is in one of the 100 places where the Community Marriage Policy pact has been adopted — almost all of them small or midsize towns. In that case what the couple gets is a carefully crafted questionnaire. The partners are sent to separate rooms and asked to answer questions dealing with everything from money decisions to the frequency with which the prospective spouse uses the "silent treatment." The scores are discussed in detail with specially trained mentoring couples.

Often the exercise helps individuals to see their flaws more clearly — the tendency to nag, or to put "issues" ahead of the relationship. And about one-tenth of the time, the couple will decide they are not right for each other — preventing a future divorce.

One recent innovation of Marriage Savers is to find mentors whose experiences match the peculiar needs of the engaged couple — for instance second-marriage couples might be assigned to couples who are remarrying after a divorce; couples who have been involved with stepchildren might counsel engaged couples facing the same prospect. The result can be better and more practical advice than a cleric or other trained generalist could offer.

The program does two things that I consider vital when it comes to helping marriages to work: It stresses the spiritual importance of commitment, and it offers time-tested how-tos. As Harriet McManus put it: "Before you tie the knot, let us show you the ropes."

The Washington Post

## LETTERS TO THE EDITOR

## After the Acquittal

President Bill Clinton may have obstructed justice, but Kenneth Starr has perverted it. I hope Attorney General Janet Reno does decide to investigate him and will prosecute the wrongdoings she is sure to find. The independent counsel law is certainly due for an overhaul, but I do not believe it needs to be trashed outright. But the man who has abused its power needs to be brought to justice.

What have we gained for our 12 months of agony, political grandstanding, self-righteous finger-pointing, soft-core porn on the evening news, and massive political, personal, and national em-

barrassment? The Starr affair has ended up damaging many of our cherished institutions.

I want this to be over as much as the next citizen, but not until justice is done. And justice, at this point, lies in investigating Mr. Starr and his crooked office and exposing their high crimes and misdemeanors.

REID BRAMBLETT,  
Plymouth Meeting,  
Pennsylvania

We can thank the Republicans and their friends on the religious right for trying to turn the United States into a fundamentalist country. May I remind my countrymen that Ronald Reagan increased the

deficit threefold. Mr. Clinton, who has erred privately, has brought the country a surplus. I will continue to vote for the person who will move my country ahead, regardless of how many women he has slept with. That is his wife's problem, not mine.

MAUREEN MOLLERON,  
Paris

President Bill Clinton's pledge to work hard to win back Democratic control of the House in 2000, singling out certain Republicans for defeat, "is the height of arrogance of power and amounts to a personal vendetta against the House managers," according to Representative Chris Cannon, Re-

publican of Utah, one of the House managers. Horrors. A president wants to see his own party regain control of Congress and will work hard to achieve that goal.

AARON STERNFIELD,  
Morges, Switzerland

Senator Richard Lugar of Indiana is quoted as saying that the important unanswered question arising from President Bill Clinton's acquittal is whether the president can still be trusted to lead on the global scene.

Unfortunately in this regard the United States has boistered itself on its own peard. America has allowed the presidency to be assailed at the instigation of a private law-

suit, aided and abetted by the extraordinary powers of an independent prosecutor, and for this to lead to the partisan pursuit of the president over matters not threatening to the integrity of the state — in the face of overwhelming popular demand to desist. Who is to blame?

Can anyone say that the United States was imperiled by the president's relationship with Monica Lewinsky? Once again, America's international obligations have been clouded by domestic opportunism and shortsightedness. It is the wider world that must now suffer for this institutional immaturity.

ANDREW FARRAN,  
London

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# Kyle Eastwood: Going His Own Way

By Mike Zwerin  
International Herald Tribune

PARIS — If you listened to the album "From There to Here" (Columbia) not knowing what it was, you'd be surprised to learn that the bass player was the leader and that he was Clint Eastwood's son.

Although Kyle Eastwood says the name has disadvantages as well as advantages, the fact remains that it's not a bad name at all. What he means is it balances out — good luck and good genes on one hand, questionable authenticity on the other.

Without the name it would have been a lot more difficult for him to reach, let alone persuade, such musicians as Billy Childs, Oscar Brashear, Plas Johnson (the saxophonist who played the Pink Panther theme), the percussionist Peter Erskine (Weather Report) and Joni Mitchell (singing Marvin Gaye's "Trouble Man") to record on his debut album. Remember though: Name or no name, people of good reputation and caliber would not lend their own names to a faulty project.

Playing the contrabass is far from the easiest way to capitalize on the name of a nabob film star father. As a child, Kyle played a role in his father's movie "Honkytonk Man," and it would have been easier and more lucrative to follow that career than learning how to play the jazz bass.

It's a high-risk job, a lot of responsibility and potential grief — there's a special circle in hell reserved for bad bass players.

If you are ambitious for fame or fortune, the odds are against you. People go

to the rest room during a bass solo. But there's a lot of pride involved. Bass players are aware, even if the average listener is not, that they have the real power and that the musicians know it. They play the only truly essential instrument in the band. Without a sturdy bass line, the center will not hold.

Eastwood is confident enough to lay back on his first record under his name. True to the nature of his function, he has been careful not to put himself in front of the other players. There is a modest number of bass solos, and his walking is not ostentatiously mixed.

Presentation is varied — standards, originals, instrumentals, vocals (by Julia Fordham and Diana King as well as Mitchell), a combo, and the big band version of Tom Waits's "I Beg Your Pardon," featuring Mark Isham and David Sanchez, sounds like a Gil Evans/Miles Davis collaboration. The casting is intelligent, the style consistent, the pattern obviously cut from one piece of cloth. It's more than a merely respectable first record.

He feels no pressure to prove anything to anyone. He speaks slowly, shyly, convincingly: "If I let it bother me every time people asked me about my dad then I'd be bothered a lot. He's always been my dad, always will be. All I can do is do the best I can and people either accept it or they don't. If they don't, it's not much I can do about that."

Jazz was always in the house. He and his parents listened to Charlie Parker records together. When his father was producing a jazz documentary called "Straight No Chaser," they sat around for hours watching a stack of Thelonious Monk videotapes. Quality time. The

bass caught his ear early on. He found that he was usually paying attention to the lower register. One thing he likes about the bass is that its role is essential for both rhythm and harmony.

He started on the electric bass-guitar in Pebble Beach high school, near Carmel, California, of which his father was the mayor for a while. Once he learned basic tuning, scales and chords it became fairly easy for him. He learned R&B, Motown and reggae tunes by ear. He had friends who played jazz and they were always looking for a bass player. Everybody needs a bass player. They'd ask him if he knew this or that standard. If not, he figured it out quickly.

Growing up with Clint Eastwood, you meet interesting people. The young Kyle met Ray Brown, Ron Carter and Lennie Niehaus, who wrote the score for his father's movie "Bird." Niehaus introduced him to Buell Neidlinger, the virtuoso contrabassist who had worked with Ornette Coleman and the Boston Symphony Orchestra. Kyle studied with Neidlinger (he had also learned from the hot French fusion bass-guitarist Bunny Brunel). Mostly, though, he figured things out for himself.

When he switched to the contrabass, he began to practice all day long. It is both a mentally and physically difficult instrument. Whole days would go by and he wouldn't leave the house. He practiced bowing, improved his intonation, learned the repertoire, got more comfortable with improvising.

His father likes to play Fats Waller tunes and boogie woogie on the piano. He has a good left hand and he showed his son how it worked. Maybe that had something to do with Kyle's original

choice of instrument — with paying attention to the bottom in the first place. They still jam together.

Starting off his career, Kyle moved down to Los Angeles for eight years. He got the opportunity to play with Jack Sheldon, Mundell Lowe, Teddy Edwards and Clark Terry. But time began to be on his hands there, and he moved to New York City.

He says he likes the "craziness" in New York. There was more of an opportunity to play there and "along with my family, playing music is the only thing that is important to me." He lives in TriBeCa with his wife, the Spanish actress Laura Gomez, and their 5-year-old daughter, Graylen.

Since the album was released last autumn, his quintet has worked fairly steadily. Leading a working band means that the music has the opportunity to evolve. It has come together in only a few months. A monthlong European tour in April will include France, Britain, the Netherlands, Austria, Spain and the Czech Republic. It's his band: He hires the guys, directs the rehearsals, picks the tunes, accepts the gigs. All in all, he says with a grin, it's a "fairly democratic" group.

AS FAR as the future is concerned, he is sure of one thing — he wants to continue making music one way or another. Along the line, he'd like to learn arranging. He feels at home being part of the expanded family of musicians.

"The musicians have been pretty accepting. When they first hear the last name they get a weird look sometimes. Once they hear me play, though, it's usually O.K."



The bass caught Kyle Eastwood's ear early on.

# Manga Live! Japanese Director Puts the Tarantino Touch to Film

By Joan Dupont  
International Herald Tribune

ROTTERDAM — The Rotterdam Film Festival, preparing a celebration of Japanese cinema for the year 2000, served up a preview this year with a slew of films, many by directors who seem to specialize in crime and noir. Or, like Takeshi Kitano, in tongue-and-cheek spoofs on crime and noir.

Ishii, 32, comes from the world of the manga, or comic book. His first film, "Sharkskin Man and Peach-Hip Girl," is based on a series by Minetaro Mochizuki, played by stars dressed in what's known as hyper fashion gear.

This is the new look of the classic yakuza genre, the live cartoon. "I am trying to put a twist to the genre," explains Ishii, who has been called the Tarantino of the Eastern World, whose doesn't displease him. His hi-tech feature is a far cry from Takeshi Kitano's existentialist gangster films, but he claims Kitano as an influence on his work.

"In normal yakuza movies, you'll see actors moving around the central theme of the movie. I wanted to show a type who is closer to us, less of a legend," Ishii said.

He wrote the script, drew the storyboard, directed and edited; he also took charge of the props, the music (written and performed by Dr. Strangelove) and most of the costume design. "I designed a lot of the costumes myself so that the movie becomes a sort of fantasy. I gave the actors costumes that aren't typically Japanese, so that even though they are Japanese, they lose their specificity and nationality."

The hero, played by the popular Tadanobu Asano, wears a snappy black sharkskin suit by the designer Takeo Kikuchi, who did his complete wardrobe, down to the "TK" initiated underwear. Asano had done a television spot for Kikuchi's line, directed by Wong Kar-Wai of Hong Kong; he per-

suaded the designer to follow him on Ishii's movie. This seemed a logical step since Ishii himself has directed 80 commercials.

The actor makes a striking entrance in the movie as Sharkskin Man, stripped down to the briefs, on the run from gangsters bent on recovering stolen loot. He kidnaps an unconscious beauty whose car has collided with the Toyota of the pursuing baddies. The chase swings between dark woods and a weirdo Norman Bates-style hotel; there are hit men and hit women, mafia brats and cool killer kids. The hero, who is just as much a thug as anybody else, gets to do the famous sharkskin suit and win the beautiful peach-hip girl.

Ishii is not really sure what "peach hip" means. "She has, you know, hips like peaches?"

"The fashion look was very important to the movie; the original manga wasn't as fashion minded. I wanted to give the movie a unique visual quality. I achieve in commercials. A lot of people get killed, there's lots of blood and I didn't want to depict this realistically. In the original, the hero is very strong, but my Sharkskin Man has soft spots, he's naive. I wanted him to be like anybody, not a macho hero. And I invented some other characters to contrast with him."

The director's own fashion look is of the dark glasses and sweatpants variety.

A slight figure, his trigger finger poised on a pen during the interview, he doodles while the interpreter translates.

He was born in Niigata, on the northwest coast of Honshu and grew up in Tokyo. "I started reading comic books when I was very young. You know how it is, my parents forbade me to read them, so that's all I wanted to do. I started sketching characters at 10 and got interested in doing storyboards."

By high school, he was drawing his own manga, and at Musashino Art University, he was influenced by Andy Warhol "and religious paintings, like Raphael's. I think you can see both of these elements in my movie."

"Comics was one side of what I always did, and later, I was in a band too. When you make commercials and shorts you draw a storyboard and I could see the connection between what I was doing and making a feature. When I got into shooting commercials, people told me what to do, and, again, I tended to try something different."

He enjoyed the casting process for Sharkskin Man. "It's very different from working on a commercial where the sponsors decided; this time I could decide." He cast the melancholy looking Susumu Terashima — a regular in Kitano's films, from "Violent Cop" to "Hana-Bi" — as one of the less crazed gangsters. "It's the way he looks that got me. It's hard to figure out what 'Hana-

Bi' is trying to say. We interpret it each in our own way."

Kitano, in his latest films, seems to back away from violence, finding odd ways of expressing what he has to say. Does Ishii, too, aim to use the genre as a way of saying something about Japanese society today, or to have fun? "Fun," he nods. "It's not the message that interests me."

He barely flickers at the names Yasujiro Ozu and Kenji Mizoguchi, filmmakers known for their restrained camera movement, artistic composition and lighting. "I am 32 years old and my generation didn't grow up with movies in theaters; we watched cartoons on TV. So I've hardly looked at any of that old hat cinema." He likes Akira Kurosawa,

the man who tackled all genres, "because he's exciting — his films move, there's always something to look at."

The comic-book world has spawned more than one generation of filmmakers. "The manga started in the '30s," says Ishii, "and one of my favorite movies in the genre is 'Ghost in the Shell.' Okiura Hiroyuki, the key animator on 'Ghost in the Shell,' of 1995, just made his own first film, 'Jin-Roh,' a thriller pitting the police against urban guerrillas and suicide bombers."

Takeshi Ishii, born in 1946, who made his debut as a cartoonist, could be considered a godfather of the genre. His "Black Angel, Volume 2," which premiered here, has more than a tinge of film noir criticism: The "Black Angel"

heroine is out to trap a crime boss: the plot abounds in stalkings, shoot-outs, abduction and rape.

"As you can see from my movie, my influences are Tarantino, Paul Verhoeven's 'Starship Troopers,' Kitano of course, Japanese cartoons and the old American movies. I haven't seen that many, but I've seen most of the big ones."

Right after Rotterdam, "Sharkskin Man and Peach-Hip Girl" was set to open in Tokyo. "We've done tests and they look good. The audience is not supposed to take the characters or antics too seriously. Seeing the movie should be something like reading a violent and funny manga. I hope the public has a great ride."



A poster for "Sharkskin Man."

## BOOKS

### WHILE I WAS GONE

By Sue Miller. 266 pages.  
\$24. Alfred A. Knopf.

Reviewed by Christopher Lehmann-Haupt

IT SEEMS we need someone to know us as we are — with all we have done — and forgive us," muses Jo Becker, the narrator, near the end of Sue Miller's riveting novel. Jo continues: "We need to tell. We need to be whole in someone's sight. Know this about me, and yet love me. Please."

Jo realizes that her wish is hopelessly idealistic. "But it's so much to ask of other people!" she concludes. "Too much." You cannot confide an infidelity to your husband and ask him to go on loving you in the same way. You cannot confess a crime that affects the listener and expect no consequences.

Yet Jo has glimpsed the promised land of intimate revelation. She once confessed to her present husband, Daniel, a minister, that she was tempted to have an affair; he responded by helping her to surmount her feelings. And she has

learned in dealing with her three daughters "that you need not collapse when the shriek comes. Don't you get it? I have you!" She explains: "You need to understand and accept being hated. I think this is one of the greatest gifts children can give you, as long as it doesn't last."

So wholeness in someone's sight is at least fleetingly possible. Jo believes. In "While I Was Gone," Miller tests its consequences under several conditions. By doing so, she has once again taken a morally extreme position and made it seem both plausible and questionable, as she has done often in her previous fiction.

In "While I Was Gone," Jo Becker is a happily married veterinarian who suddenly feels that life is somehow passing her by. When Eli Mayhew, a distinguished biochemist, shows up from her past and asks her to treat his crippled dog, she remembers the time in the late 1960s when the two of them happened to be living in the same small commune in Cambridge, Massachusetts. Hiding from a loveless marriage, Jo found the experience an

ecstatically happy one — walking home from the bar where she worked, "I sometimes broke into a run, I was so eager just to be there" — even though, unknown to her, for Eli it was a less happy time.

Eli and his wife have recently moved to the western Massachusetts village where Jo and her husband live. With her reappearance, Jo finds herself recalling the commune and its "horrible" ending, when another member, a woman whose affection had taught Jo "how to love with enough recklessness and generosity to make it real," had been murdered in what the police concluded was "a robbery gone bad."

Aroused by Eli's presence, Jo develops what she calls a "crush" if you could call something so psychologically distorted by such a playful name. "But the crush is on herself," she explains: "The middle-aged Eli continued for me, of course, his youthful self, yes. But he contained me also. The self that had known him then. Myself when young. And that was what made him attractive to me." So she gingerly edges herself toward an affair.

Miller does many things well in this novel. She shows a deep respect for all her characters. You experience the pleasure of the commune's members at the same time that you understand the contempt in which they are held by the police, their community and the relatives of the murdered victim.

The scenes are emotionally textured, particularly those with Jo's children or the animals she looks after so affectionately. The narrative pacing is masterly, building tension even in its most psychologically subtle passages.

New York Times Service

# Excavating Rossini's 'Zelmira'

By David Stevens  
International Herald Tribune

PARIS — The fate of Rossini's operas has been a strange one, with a decline that began during his long retirement from writing for the theater and continued to the middle of this century, at which point it sometimes seemed as if "The Barber of Seville" was his only contribution to posterity.

At age 31, when he left Italy for Paris, he was Europe's most celebrated opera composer. A few years later he more or less invented French Grand Opera with "Guillaume Tell," then, exhausted, returned and left the field to Meyerbeer and others. Neglect set in quickly. A few years later, told that the Paris Opera was performing Act 2 of "Tell," the composer quipped, "What? All of it?"

He might be agreeably surprised to know that in the last 50 years or so extensive excavations have taken place, fueled by the Rossini Foundation and its numerous critical editions, seconded by the actual productions of the annual festival in his native Pesaro.

The most important focus of this musical archaeology has been on the period 1815-22, during which Rossini produced nine serious operas for Naples, where he also served as musical and artistic director. In his spare time he also pumped out works for Rome, Milan and elsewhere — the comic "Il Barbiere," "La Cenerentola," and the semiseria "La Gazza Ladra" among them.

But the Neapolitan operas are important because in them Rossini turned

his back on the 18th century and laid the groundwork for Italian romantic opera, and Bellini, Donizetti and Verdi also benefited from his intermittent activity as an impresario in Paris.

His opera seria output for Naples began with "Elisabetta," Regina d'Inghilterra, and included two works — "Mose in Egitto" and "Maometto II" — that he extensively rewrote for the Paris Opera. Several of them have enjoyed revivals in the last 25 years or so, although his "Oello" will probably never emerge from the near oblivion inflicted by Verdi's version — a fate similar to what befell Paisiello's fine "Barber of Seville" when Rossini's comic masterpiece made it obsolete.

"Zelmira," the last of the nine Neapolitan operas, has just made its first appearance in Paris in about 175 years, in a strongly cast production that came to the Theatre des Champs-Elysees from the Pesaro festival via the Lyon Opera.

Its strength is in the music, short on conventional arias and long on ensembles and choral underpinning, with the second-act quartet an absolute winner. Its weakness is a feeble libretto, based on an 18th-century French play — something about a pseudo-historical power struggle on the island of Lesbos, replete with skulduggery and sudden changes of fortune.

Mariella Devia was impressive musically and technically in the title role. Rossini wrote for his future wife, Isabella Colbran. The composer also had two major tenors in Naples, and their roles were superbly handled here. Paul Austin Kelly was the elegantly bright-voiced Ilo, the heroine's confused

spouse, and the darker-voiced Charles Workman sang and acted with acrobatic zest as the villainous Antenor. Sonia Ganassi brought a rich contralto to the role of Zelmira's confidante.

Maurizio Benini and the Lyon Opera orchestra were amply supportive in the pit, while meeting the score's virtuosic requirements. But Yannis Kokkos's staging was mostly period routine and his ponderous neoclassical designs might have been just the thing for the Naples premiere.

With its final orchestra concert, Radio France's Presences 99 festival was rewarded with a crowd pleaser in the world premiere of the Violin Concerto by the French composer Bernard Cavanna.

The first of the two movements violently opposes the orchestral mass and the relentlessly busy violin, while the second eases the conflict, ending with an ethereal, Berg-like exit for the soloist. Traditional enough, yet also with a personal voice that invites more performances.

Noemi Schindler, for whom the concerto was written, was the brilliantly energetic soloist, and Radio France's Orchestre Philharmonique was under Dominique My's assured direction.

## BEST SELLERS

The New York Times			Last Week		
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.			Wk. on List		
FICTION					
This Week			Last Week		
1	SOUTHERN CROSS, by Patricia Cornwell	1	3		
2	IN DANGER'S PATH, by W.E.B. Griffin	1	3		
3	SEIZE THE NIGHT, by Dean Koontz	2	5		
4	A MAN IN FULL, by Tom Wolfe	4	13		
5	BILLY STRAIGHT, by Jonathan Kellerman	5	5		
6	HARRY POTTER AND THE CHAMBER OF SECRETS, by J.K. Rowling	8	8		
7	THE POISONWOOD BIBLE, by Barbara Kingsolver	7	16		
8	THE CAT WHO SAW STARS, by Lillian Jackson Braun	6	3		
9	AMSTERDAM, by Ian McEwan	13	4		
10	ANGELS FLIGHT, by Michael Connelly	9	5		
11	THE SIMPLE TRUTH, by David Baldacci	11	11		
12	WHEN THE WIND BLOWS, by James Patterson	10	14		
13	A NIGHT WITHOUT ARMOR, by Lewis	15	19		
14	BAG OF BONES, by Stephen King	18	25		
15	RAINBOW SIX, by Tom Clancy	12	25		
NONFICTION					
1	THE GREATEST GENERATION, by Tom Brokaw	1	9		
2	THE DAYS WITH MORRIE, by Mitch Albom	2	69		
3	BLIND MAN'S BLUFF, by Sherry Sussengut and Christopher Drew with Anne Lawrence	3	11		
4	THE CENTURY, by Peter Jennings and Todd Brewster	4	11		
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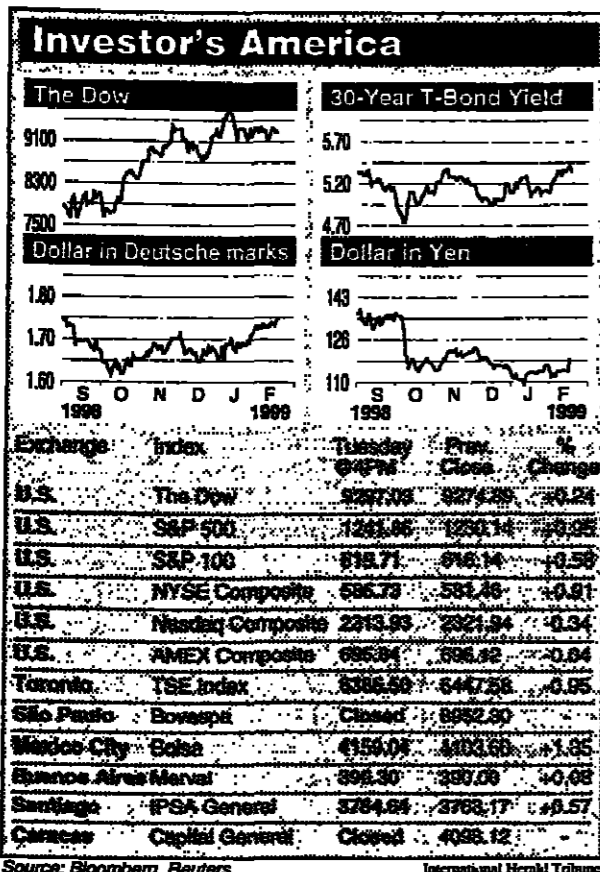
**Markets Cool To France's Bank Deal**  
Union Leader Says It Miss Its Importance  
By John Fagnano

PARIS — Investors cheered only slightly this month when Societe Generale announced it was buying back 10% of its shares from the French government. The deal, which would reduce the state's stake in the bank to 49%, was seen as a sign of confidence in the bank's future. However, some market analysts are skeptical, arguing that the deal is more of a political statement than a financial one. They point out that the French government has a long history of intervening in the banking sector, and that the deal could be reversed at any time. Despite the mixed reactions, the bank's stock price rose slightly in the wake of the announcement.

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## THE AMERICAS



## Wal-Mart's Earnings Help Power a Rise in Blue-Chip Stocks

Compiled by Our Staff From Dispatches

**NEW YORK** — Blue-chip stocks rose Tuesday, helped by strong earnings from Wal-Mart Stores, the world's largest retailer.

Wal-Mart's fourth-quarter earnings rose a better-than-expected 21 percent from a year earlier as the company continued to attract shoppers with its prices and selection of goods.

Wal-Mart said it earned \$1.56 billion in its fourth quarter, which ended Jan. 31, compared with \$1.29 billion a year earlier. Sales rose to \$40.79 billion in the quarter from \$35.39 billion. Sales at stores open at least a year, a gauge that retailers use to measure performance, rose 8.7 percent.

For the full year, Wal-Mart earned \$4.43 billion, or \$1.98 a share, compared with \$3.53 billion, or \$1.56 a share, a year earlier. Sales

were \$137.60 billion, compared with \$117.96 billion.

Wal-Mart's results exceeded Wall Street analysts' estimates. Its stock rose 3/4 to 87 1/2 on the New York Stock Exchange, helping the Dow Jones industrial average move up 22.14 points, or 0.24 percent, to 9,080. The Dow was up more than 100 points early in the day.

The broader Standard & Poor's 500-stock index finished 11.73 points higher at 1,248.66, but the Nasdaq composite index fell 7.96 points to 2,195.33.

Declining Internet stocks pulled the Nasdaq down from its earlier highs. Yahoo!, Lycos and Amazon.com all fell sharply.

"Not every tech company can be a Microsoft," said Frederic Russell of Frederic E. Russell Investment Co. in Tulsa, Oklahoma, which oversees \$80 million in assets.

"Some will be pushed out, and these price/earnings multiples must be adjusted," Yahoo! trades at 368 times its estimated 1999 earnings, according to First Call.

Prodigy Communications, an Internet service provider, was an exception, rising 13 9/16 to 49 on its

## U.S. STOCKS

third day of trading. Prodigy, founded in 1984, was one of the first private on-line services.

Dell Computer was the most active stock in U.S. trading, falling 1/4 to 88 1/4 after a 12-point drop Friday on concern its sales were slowing.

Dell was to report earnings after the market closed.

Hewlett-Packard, another major computer maker, fell 3 1/16 to 73 1/4 in anticipation of its earnings report.

"People are nervous about the

quarter," said analyst John Jones of Salomon Smith Barney, who rates Hewlett-Packard a "buy." He said, "The company has been under pressure for seven quarters, and they've had a tough time producing any consistency."

Rising bond prices bolstered the stock market. The price of the benchmark 30-year Treasury bond was up 1/32 at 98 17/32, pushing the yield down to 5.35 percent from 5.42 percent.

Stocks and bonds benefited from the dollar's rise against the yen. Japanese financial officials said they favored a weaker yen to help exporters. A stronger dollar makes U.S. Treasury issues more attractive, sending yields lower.

Navistar International rose 7/8 to 42 1/4 on speculation that Volvo, the world's second-largest maker of heavy trucks, may buy the truck-

maker to more than double its North American sales.

Volvo, based in Sweden, and Chicago-based Navistar declined to comment on reports of a deal.

Financial-services stocks and banks gained as bond yields fell. American Express, Citigroup, and Wells Fargo all rose.

Bank profits tend to increase as bonds yield fall because lenders pay less on their debt holdings.

American Express rose after the travel and financial-services company said it had teamed up with International Business Machines to provide its small-business corporate card members automatic discounts of as much as 10 percent on a range of IBM products. The two companies also are linking their Web sites to give small business owners the opportunity to buy on-line. IBM shares also rose. (Bloomberg, AP)

## WAL-MART: 'Killer' Competition Is Expected as Discounter Starts a Superstore Push in the U.S.

Continued from Page 11

Sprawling at as much as 200,000 square feet (18,000 square meters), these vast emporiums offer not only the apparel, housewares and electronic goods available at most Wal-Mart stores but also groceries, pharmaceuticals and extras such as eye care and auto service.

As a result, they compete with a much more diversified range of retailers than regular Wal-Marts. The average Wal-Mart supercenter ranges up about \$55 million to \$65 million in annual sales — almost double the volume of a regular Wal-Mart and seven times that of a rival discounter such as Ames Department Stores.

According to some analysts, Wal-Mart stands to triple its supercenter presence in the Northeast in the next two years — an expansion that could draw \$3 billion more in annual sales from an already crowded marketplace. To put this figure in perspective, it exceeds the 1998 sales of any of the regional chains — Ames, Bradlees, Grand Union or Pathmark Stores.

"Wal-Mart's expansion into the Northeast is going to create a killer competitive environment and an intense price war," predicted Burt Flickinger 3d, who has been studying regional retail patterns for three decades and is now managing director of Reach Marketing, a retail and marketing consulting agency in Westport, Connecticut.

Mr. Flickinger says that not all the chains can survive, and he is not shy about calling the race.

He says that Grand Union and the supermarket chains run by Penn Traffic Co., a company now in bankruptcy that has a significant presence in eastern Pennsylvania, along with the retailers Ames and Bradlees are among those with

"questionable futures."

As its competitors point out in defense of their own viability, Wal-Mart is not exactly invisible in the Northeast even now. With 244 of its regular discounter stores — such as those in Wilkiston and Berlin, Vermont — as well as 28 supercenters, the retailer is already familiar to many consumers in New England, New York, New Jersey and Pennsylvania.

Wal-Mart typically provides few details of its expansion plans for the year beyond an overall number of stores planned. This year it said it intended to build 150 supercenters and 40 normal-sized discount stores nationwide. When asked about analysts' projections, a Wal-Mart spokesman, Jay Allen, said that the company had plans to build 15 supercenters in the Northeast this year.

What might Wal-Mart ultimately take to be an appropriate number of

supercenters for the Northeast? To get some idea of its preferred supercenter-to-consumer ratio, consider that Arkansas, its home state, with a population of 2.3 million, has 27 mega-outlets.

Other discounters in the Northeast say they are ready to meet the Wal-Mart challenge. Bradlees, which has only eight of its 102 stores in the same market as Wal-Mart, might justifiably fear an escalation in its conflict with the retailing leviathan.

But Bradlees' chief executive, Peter Thorne, appears sanguine.

In markets where they go head to head, he said, "Wal-Mart takes only 6 percent to 8 percent of sales from our stores and even then only in the first year of competition."

Joe Bione, chief executive of Ames stores, contends that for him the battle with Wal-Mart is already over. "Out of our 301 Ames stores, 245 are within 10 to 12 miles of a

Wal-Mart, and 165 are within three miles," he said. "At this stage it is not about our future survival. We already coexist."

Mr. Bione's strategy, which has been widely hailed by analysts, is to sell to consumers with family incomes under \$25,000, just beneath the middle-income customers who are Wal-Mart's prime target.

Supermarket executives acknowledge that Wal-Mart is a threat. They are not benign," said Bob Tobin, president and chief executive of Ahold U.S.A., the subsidiary of Royal Ahold NV, the Dutch grocery giant that owns the New England-based Stop & Shop chain. "No one who is a student of this industry welcomes Wal-Mart into their area."

In a recent study of Wal-Mart's experience in Texas, Mr. Stone found that three years after a supercenter opened, local grocery stores had lost an average of 17 percent of sales.

Continued from Page 1

The Bank of America has been a major player in the push to create a new currency.

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## Very briefly:

• Levi Strauss & Co. said net sales in its financial year ended Nov. 29 dropped 13 percent, to \$6.0 billion, due in large part to soft sales of its flagship Levi's brand jeans. The privately held apparel maker does not report earnings.

• Deere & Co., the largest North American maker of farm equipment, said weak demand linked to depressed grain prices cut earnings in its first quarter, which ended Jan. 31, by 75 percent from a year earlier, to \$30 million, as worldwide sales fell 14 percent, to \$2.46 billion.

• Campbell Soup Co.'s second-quarter profit fell 25 percent, to \$219 million, from a year earlier after it halted a promotion for retailers, resulting in an 8.9 percent drop in sales, to \$1.83 billion.

• Havas SA, France's biggest publisher, confirmed a report in the French business daily La Tribune of its interest in the U.S. computer-magazine publisher CMP Media Inc., which has hired Lazard Freres & Co. to explore a possible sale or merger. But Havas said it had not decided whether it would make a bid.

• Nokia Oy of Finland said it would purchase Diamond Lane Communications Corp. — a California-based developer of a device that makes Internet access as much as 125 times as fast as existing telecommunications networks — for \$125 million in cash.

• Chart Industries Inc., a maker of industrial cooling equipment, agreed to buy closely held MVE Holdings Inc. for about \$240 million in cash and assumed debt to expand its product line.

• GlobeGround, the airport ground-service unit of Deutsche Lufthansa AG, agreed to purchase Hudson General Corp. for \$76 a share, or about \$134 million, apparently prevailing over Opden Corp., Ranger Aerospace Corp. and a group led by Hudson's managers in a four-way bidding war for the company, which handles baggage, fueling and de-icing at airports across the United States and Canada.

Reuters, Bloomberg

## Dollar Rises Against Yen on Tokyo Officials' Statements

Bloomberg News

**NEW YORK** — The dollar rose against the yen Tuesday after Japanese finance officials said they favored a weaker currency and would drive down long-term bond yields to revive the economy.

Finance Minister Kiichi Miyazawa as well as two senior Finance Ministry officials — Eisuke Sakakibara and Haruhiko Kuroda — and the governor of the Bank of Japan, Masaru Hayami, all said they would welcome any decline in the yen caused by the central bank's cut in interest rates Friday.

"You've got a very fragile economy running against the headwinds of a strong yen and higher

long-term interest rates," said Anne Parker Mills, senior currency analyst at Brown Brothers Harriman & Co. It has become evident that

## FOREIGN EXCHANGE

officials are concerned, she said. "Today's news is very negative for the yen."

The dollar jumped to 118.645 yen in late trading from 115.450 yen a day earlier in London. It also rose to 1.4258 Swiss francs from 1.4235 francs, while the euro slipped to \$1.1203 from \$1.1296. The pound rose to \$1.6342 from \$1.6340. U.S. markets were closed for a holiday Monday.

The Japanese currency's 25 percent gain against the dollar since mid-August has hurt exports. On Tuesday, Japan forecast that the economy would grow 0.5 percent in the year starting April 1. In an effort to curb a rise in long-term interest rates, the government will resume buying government bonds and reduce sales of 10-year bonds this month and next.

"When countries wish their currency to weaken, they usually get their wish," said Scott Turner of Prudential Investments. He predicted that the dollar would climb to 125 yen as government bond purchases "derail the upward trend in interest rates."

## XL to Buy NAC Re

Bloomberg News

**HAMILTON, Bermuda** — XL Capital Corp., a liability insurer, said Tuesday it would buy NAC Re Corp. for about \$1.15 billion in stock, expanding its reinsurance sales and giving it a larger U.S. presence.

The deal will create a company with assets of \$13.3 billion and \$2.3 billion of revenue.

Shareholders of NAC Re will get 0.915 share of XL for each share they hold.

NAC Re stock rose \$2.1875 to \$2 in late trading, but XL fell 93.75 cents to \$39.5625.

## U. S. STOCK MARKET DIARY

Tuesday, Feb. 16

**Indexes**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**Most Actives**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**Standard & Poors**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**Nasdaq**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**AMEX**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**Dow Jones Bond**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**Trading Activity**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**Dividends**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**REVERSE STOCK SPLIT**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**U.S. Stock Tables Explained**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
Nasdaq	2,200	2,180	2,190	2,195	+5
AMEX	1,000	990	995	998	+3

**REVERSE STOCK SPLIT**

Index	High	Low	Open	Close	Change
Dow Jones	9,100	9,000	9,050	9,080	+30
S&P 500	1,250	1,240	1,245	1,248	+3
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**U.S. Stock Tables Explained**

Index	High	Low	Open	Close	Change
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AMEX	1,000	990	995	998	+3

## EUROPE

## Euro Has Vending-Machine Industry Looking for Change

By John Tagliabue  
New York Times Service

VICENZA, Italy — Luca Adriani is of two minds about the euro.

Mr. Adriani, 32, is chief executive of Coges SRL, which manufactures vending machines. Now that the euro — the common currency for 11 European nations — has made its debut in electronic transactions, orders for his machines are swelling, he says, in preparation for January 2002, when euro coins and bills will be introduced.

But the company, based near this city in northern Italy, also operates vending machines, supplying them to businesses that offer snacks and coffee to employees. So he expects the cost of replacing the coin boxes, as well as the loss of revenue while the machines are being converted, to put a sizable dent in that business.

"I'm laughing on one side of my face and crying on the other," Mr. Adriani said.

Mixed emotions are found throughout the European vending industry. In the next three years, companies that operate vending machines will have to spend heavily to adapt them to accept euro coins. The swelling demand will be a boon for equipment manufacturers at first.

But the rush to convert also means that many machines will be out of commission for long periods, in limbo between currencies. And come 2002, there are sure to be frustrated customers with Deutsche marks, lire, francs and the like still jangling in their pockets who will be unable to use the new euro machines. The national currencies are to remain legal tender until July 2002.

"The question for us is: When do you convert your machines?" said Norbert Monssen, spokesman for the organization that represents the German vending machine industry. "If you do it too early, your customers don't have the coins and go elsewhere. It's a problem unique to vending."

Stores, he said, can and must accept two currencies during the six-month transition period: vending machines and other coin-operated devices are exempt but still must be retrofitted to accept the new coins at some point.

As the investment budgets of vending-machine operators are stretched thin, some equipment manufacturers are apprehensive about a sharp falloff in sales once the new coins arrive.

"We'll peak in the next two years, and investments will be considerable," said Rainer

Puchalski, sales manager at NRI National Receptors Inc. near Hamburg, a leading maker of coin-processing equipment and a unit of Crane Co. of Stamford, Connecticut. "But once that's done, we expect some holding back."

The euro came into use at the start of this year in Italy, Germany, France, Ireland, the Netherlands, Belgium, Luxembourg, Austria, Finland, Spain and Portugal. But for now, it is a cashless currency, used only by banks and financial markets.

The introduction of euro notes and coins will take place in three years, to afford Europe's new central bank and mints the time to produce the coins and bills that will be needed. Europeans now carry roughly 70 billion coins in their pockets that can be used for 3.8 million vending machines and several million more coin-operated devices such as telephones and subway ticket machines.

The task of changing all that money into euros is "both a threat and an opportunity," said Catherine Piana, secretary general of the European Vending Association in Brussels, which represents the industry.

Few euro coins are available to vending machine manufacturers. Industry executives say they must have samples of the coins

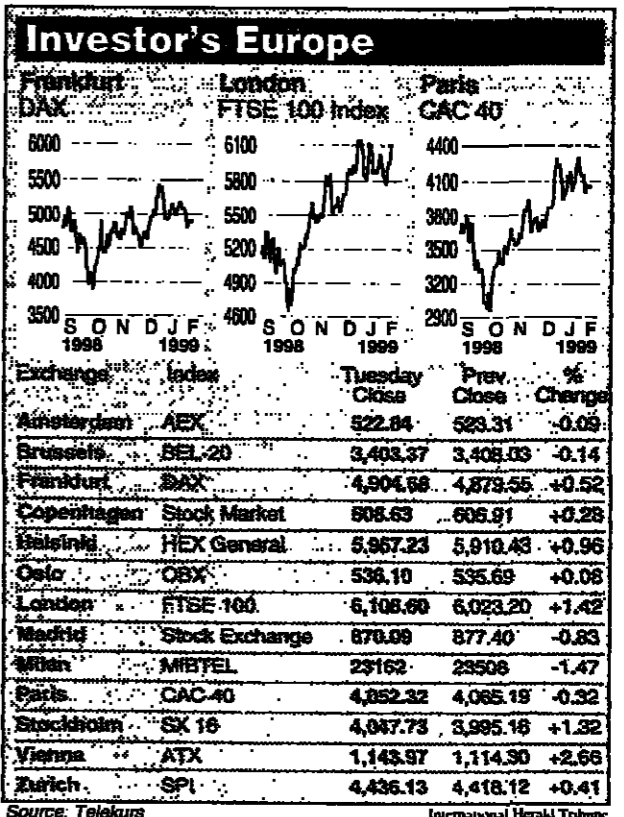
because the microchips in older coin-recognition devices, such as those often used in vending machines, must learn the characteristics of new coins by having them repeatedly inserted into their slots; newer models are programmed by transferring the information from a laptop computer.

European industry officials also worry about whether there will be enough coins available in 2002 and whether the amounts will be properly apportioned in terms of what denominations are most in demand by vending-machine customers.

Some skeptical companies are promoting cashless systems that use smart cards or programmable keys to activate vending machines, convinced that coin shortages will occur and will present opportunities for introducing new technology.

"Italy alone has to mint 7.6 billion coins by 2002, or 10 million coins a day," said Mr. Adriani, whose company has annual sales of \$60 million. "But our mint has a capacity of 2 million."

Some companies have already adopted cashless systems. Alois Dallmayr, a Munich-based coffee distributor, says it expects 70 percent of its vending machines to be cashless after the euro comes.



## BANKS: Raids Seek Signs of Collusion in Euro Zone on Money-Changing Fees

Continued from Page 1

commissions for some time and has said the launch of the euro has stripped away some of the justification for high bank charges. The union wants banks to lower fees and be more open on how these are determined.

The cost of exchanging and transferring money has traditionally been expressed as a commission based on the spread between buying and selling currencies, but the introduction of the euro last month set fixed rates between the 11 participating national monies, doing away with exchange-rate risk.

Banks promised last year not to charge their customers for services related to the transition to the euro.

The European Union Banking Federation, a trade group that represents banks, pledged that its members would convert customers' accounts to euros for free.

But consumers have complained that banks are shortchanging them by not passing on the benefits of the new single currency.

A spokesman at Deutsche Bank said the commission and German cartel office representatives had visited the bank and asked how it calculated its fees. The officials were shown documents, but the premises weren't searched, he said.

Dresdner Bank said the accusations against it were false. BBV of Spain said it was not charging any commissions not permitted by the Bank of Spain. Credit Agricole and

Societe Generale said they had been visited too and declined further comment.

The French Bankers Association called Mr. Van Miert's remarks before the monetary subcommittee "warlike" and unjustified.

Mr. Van Miert said the commission had decided to investigate possible collusion after it received complaints from the Parliament and the public suggesting banks had agreed not to compete on costs for currency exchange and cross-border transfers.

Mr. Van Miert said the commission had figured there were enough indications that there could have been collusion between banks over the charges both at national and European level.

Mr. Van Miert said the coordi-

nated raids were part of a broader investigation that also included written requests for information from the leading banking organizations.

The commission is determined to stamp out any excessive charges ahead of Europe's rush of travelers and tourists in the summer.

"It's necessary to verify if there was national coordination — and there we have quite strong indications," Mr. Van Miert said.

The raids by the commission come a day after the Bank of Italy said it would investigate Italy's banking association for recommending a 3 percent currency-exchange fee. Italian banks have since cut their charges.

(Reuters, Bloomberg)

## Barclays Posts Better Profit

Continued from Page 1

LONDON — Barclays PLC said Tuesday that its earnings doubled in the second half of 1998 as rising profit from corporate and consumer banking more than offset losses at its investment bank, Barclays Capital.

The bank's second-half net income rose to £448 million (\$729.5 million) from £227 million a year earlier. Full-year profit rose 19 percent, to £1.34 billion, in line with expectations.

"Barclays' results were a relief to the market," said Nigel Cobby, an analyst at Morgan Stanley Dean Witter. "There was real concern about the earnings."

The company's shares rose 127 pence to £16.92 in London.

Barclays increased lending to individuals and raised loans to and fees from corporations.

This helped the bank recover from a tumultuous year that culminated in the resignation in November of its chief executive, Martin Taylor.

The company said previously that it would take a £250 million second-half provision related to losses on Russian debt at Barclays Capital, its investment-banking unit, which swung to a loss for the year of £265 million from operating profit of £252 million a year earlier.

Barclays said it would cut costs overall and reduce risk at Barclays Capital. (Bloomberg, Bridge News)

## ECB: European Commission Warns Germany and France About Budget Plans

Continued from Page 11

dollar, public feuds with the central bank have raised new questions about the ability of governments to cooperate over economic policy with the ECB. Economists attribute the softness of the euro, which had been expected to strengthen, to political trespassing into the central bank's affairs.

Gerhard Grebe, an economist at Bank Julius Baer, said the French and German finance ministers appeared deliberately to be "talking the euro down" in the markets as a way of stimulating Europe's ex-

tended threat of deflation, a recessionary trend marked by falling prices that many economists expect will force the bank to lower its lending rates. "The strong growth of credit suggests the absence, at present, of deflationary risks in the euro area," it wrote.

As it has in previous statements, it left the door open for quick action on interest rates, if it chooses: "Downward" risks could ensue from future turbulence in global markets, and job creation has slowed in sectors "exposed to global developments," it said. Europe's economy is cooling, it acknowledged, although "the

extent and duration" of the slowdown remain unknown. The report set the stage for a meeting Saturday in Bonn of finance ministers and central bankers from the Group of Seven leading industrial economies.

Mr. Lafontaine, as host of the meeting, is expected to repeat his case for political controls of exchange rates, an argument that has caused tensions with the ECB. Given the ECB's opposition to exchange-rate controls, Mr. Lafontaine's continued pressure could worsen relations between Europe's bankers and politicians, economists said.

## WORLD STOCK MARKETS

Tuesday, Feb. 16

Prices in local currencies  
in euros for ERM countries

Toll-free

High Low Close Prev.

Amsterdam

ASEX index: 123.14

Prev.: 123.14

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High Low Close Prev.

Copenhagen

Stock index: 68.84

Prev.: 68.84

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High Low Close Prev.

Johannesburg

All Market: 2884.4

Prev.: 2884.4

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High Low Close Prev.

London

FTSE 100: 4188.4

Prev.: 4188.4

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High Low Close Prev.

Stockholm

SEB index: 2995.14

Prev.: 2995.14

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## Very briefly:

• LVMH Moet Hennessy Louis Vuitton SA, the world's largest luxury-goods company, bought 33 percent of the fashion house Michael Kors LLC. Terms of the transaction were not disclosed.

• Russia's trade surplus more than doubled in the final quarter of 1998 after the ruble's drop in August drove up the cost of foreign goods and made exports cheaper, spurring domestic production. The surplus widened to \$9.7 billion in the fourth quarter from \$4.5 billion in the third quarter.

• France published a decree in its Official Journal on a "golden share" to protect the rights of the state in the planned Aerospaciale-Matra aerospace group. A state representative is to sit on the Aerospaciale-Matra supervisory board as a nonexecutive officer.

• Sema Group PLC, Europe's second-largest computer-services company, said its second-half profit rose 31 percent. Net income for the six months ended Dec. 31 was \$34 million (\$56 million), up from \$26 million a year earlier.

• Greece sold 384 billion drachma (\$1.33 billion) of seven-year bonds at record low yields as part of its strategy to shift borrowing to lower-yielding long-term bonds.

• Astra AB of Sweden, which is to merge with Zeneca PLC of Britain, posted a 15 percent increase in pretax profit for last year, to 16.44 billion kronor (\$2.06 billion) from 14.3 billion kronor in 1997.

• Finland's unemployment rate rose to 11.0 percent in January from 10.2 percent in December as international demand in traditional industries such as paper and metals declined. A total of 273,000 Finns were without jobs in January, according to Statistics Finland. That was down from 290,000 a year earlier, when the unemployment rate was 12.1 percent, but up from 253,000 in December.

• Electrolux AB, the household appliance maker, said fourth-quarter profit rose almost fourfold as demand in Europe and the United States offset declining sales in Asia and Latin America. Net income rose to 1.0

NYSL

**Tuesday's 4 P.M. Close**

**Continued on Page 15**

NASDAQ

**Tuesday's 3:45 P.M.**  
The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.  
The Associated Press.

Symbol	Price	Change	Volume	Symbol	Price	Change	Volume
AA	10.00	0.00	100	MSFT	34.00	0.00	100
ABX	10.00	0.00	100	NVDA	10.00	0.00	100
AC	10.00	0.00	100	ORCL	10.00	0.00	100
AD	10.00	0.00	100	QCOM	10.00	0.00	100
AE	10.00	0.00	100	TXN	10.00	0.00	100
AF	10.00	0.00	100	WMT	10.00	0.00	100
AG	10.00	0.00	100	XOM	10.00	0.00	100
AH	10.00	0.00	100	YH	10.00	0.00	100
AI	10.00	0.00	100	Z	10.00	0.00	100

Symbol	Price	Change	Volume	Symbol	Price	Change	Volume
AA	10.00	0.00	100	MSFT	34.00	0.00	100
ABX	10.00	0.00	100	NVDA	10.00	0.00	100
AC	10.00	0.00	100	ORCL	10.00	0.00	100
AD	10.00	0.00	100	QCOM	10.00	0.00	100
AE	10.00	0.00	100	TXN	10.00	0.00	100
AF	10.00	0.00	100	WMT	10.00	0.00	100
AG	10.00	0.00	100	XOM	10.00	0.00	100
AH	10.00	0.00	100	YH	10.00	0.00	100
AI	10.00	0.00	100	Z	10.00	0.00	100

Symbol	Price	Change	Volume	Symbol	Price	Change	Volume
AA	10.00	0.00	100	MSFT	34.00	0.00	100
ABX	10.00	0.00	100	NVDA	10.00	0.00	100
AC	10.00	0.00	100	ORCL	10.00	0.00	100
AD	10.00	0.00	100	QCOM	10.00	0.00	100
AE	10.00	0.00	100	TXN	10.00	0.00	100
AF	10.00	0.00	100	WMT	10.00	0.00	100
AG	10.00	0.00	100	XOM	10.00	0.00	100
AH	10.00	0.00	100	YH	10.00	0.00	100
AI	10.00	0.00	100	Z	10.00	0.00	100

Symbol	Price	Change	Volume	Symbol	Price	Change	Volume
AA	10.00	0.00	100	MSFT	34.00	0.00	100
ABX	10.00	0.00	100	NVDA	10.00	0.00	100
AC	10.00	0.00	100	ORCL	10.00	0.00	100
AD	10.00	0.00	100	QCOM	10.00	0.00	100
AE	10.00	0.00	100	TXN	10.00	0.00	100
AF	10.00	0.00	100	WMT	10.00	0.00	100
AG	10.00	0.00	100	XOM	10.00	0.00	100
AH	10.00	0.00	100	YH	10.00	0.00	100
AI	10.00	0.00	100	Z	10.00	0.00	100

AMEX

**Tuesday's 4 P.M. Close**  
The 150 most traded stocks of the day, up to the closing on Wall Street.  
The Associated Press.

Symbol	Price	Change	Volume	Symbol	Price	Change	Volume
AA	10.00	0.00	100	MSFT	34.00	0.00	100
ABX	10.00	0.00	100	NVDA	10.00	0.00	100
AC	10.00	0.00	100	ORCL	10.00	0.00	100
AD	10.00	0.00	100	QCOM	10.00	0.00	100
AE	10.00	0.00	100	TXN	10.00	0.00	100
AF	10.00	0.00	100	WMT	10.00	0.00	100
AG	10.00	0.00	100	XOM	10.00	0.00	100
AH	10.00	0.00	100	YH	10.00	0.00	100
AI	10.00	0.00	100	Z	10.00	0.00	100

NYSE

**Tuesday's 4 P.M. Close**  
(Continued)

Symbol	Price	Change	Volume	Symbol	Price	Change	Volume
AA	10.00	0.00	100	MSFT	34.00	0.00	100
ABX	10.00	0.00	100	NVDA	10.00	0.00	100
AC	10.00	0.00	100	ORCL	10.00	0.00	100
AD	10.00	0.00	100	QCOM	10.00	0.00	100
AE	10.00	0.00	100	TXN	10.00	0.00	100
AF	10.00	0.00	100	WMT	10.00	0.00	100
AG	10.00	0.00	100	XOM	10.00	0.00	100
AH	10.00	0.00	100	YH	10.00	0.00	100
AI	10.00	0.00	100	Z	10.00	0.00	100

# MARKETS: 'Contagion Effect' Sent Thai Economic Crisis Cascading Around the World

Continued from Page 1

In retrospect, GUM and its American owners made the same kind of mistake as the Thai real-estate developers who started the whole mess: They became so accustomed to the long summer days that they came to disbelieve in winter.

When Thailand floated its currency on July 2, 1997, the date that is now regarded as the beginning of the global financial crisis, the only shudder passing through GUM was one of delight — at its rising stock price. Over the next three months the stock rose 37 percent, to a new peak.

Nobody else was initially very worried that Thailand's problems would radiate around the world. While some of Thailand's underlying problems were well known, on the day of the devaluation the Thai stock market rose 7.9 percent, its biggest gain in more than five years.

In hindsight, everyone seems to have made a catastrophic misdiagnosis of the problem, one that resulted in Thailand's getting insufficient treatment and in exposing other countries to the contagion.

The misdiagnosis was twofold: first, that Thailand probably faced a typical temporary downturn, rather than a staggering depression that would last for years; second, that the problem was largely confined to Thailand rather than the beginnings of a serious global crisis.

The Clinton administration initially saw the crisis as a replay of what had happened in Mexico in 1995, and prescribed the same mix of austerity and aid. So in the late summer of 1997, Treasury Secretary Robert Rubin and his deputy, Lawrence Summers, signed on to a standard International Monetary Fund plan: spending cuts, high interest rates and a repair job on the Thai banking system.

But over the protests of the fund, the United States declined to contribute to a bailout.

Mr. Rubin still insists that he made the right economic decision, but he seems sure that he got the diplomacy right. "I don't think it would have made a difference economically," he said of a contribution to Thailand. "Diplomatically, I don't know."

A senior State Department official said flatly, "In hindsight, it was a mistake."

Thailand appealed to Japan for financial help that summer of 1997, and officials in Tokyo say they thought seriously about arranging a big package of loans. But in the end they did not, partly because Washington insisted that a rescue be made only through the monetary

fund and only after imposing tough conditions on Thailand.

With the firm backing of Treasury, the fund initially forced Thailand to accept austerity, including budget cuts and high interest rates. The idea was that sky-high interest rates would attract capital back to Thailand and stabilize exchange rates, but they also ended up devastating otherwise viable businesses.

Many economists, including those at the World Bank, have criticized the fund's approach as initially worsening Asia's problems, and even the fund has admitted that its budget cuts were too harsh.

By early 1998, recognizing that the slump was unexpectedly serious and that the initial conditions had been too tough, the fund and Treasury reversed course. They steadily allowed Thailand to reverse planned budget cuts and to ease the austerity, but the damage had been done.

After initially bowing to Washington's desires and declining to rescue Thailand directly, Japan became more assertive as it saw the crisis worsen. In September 1997, Japanese officials proposed a \$100 billion bailout plan called the Asian Monetary Fund, to be paid for half by Japan and half by other Asian countries.

This would not have cost the United States a penny, but Mr. Rubin was furious about it, partly because the Japanese had not consulted him. He fumed as he stroled about the Air Force jet carrying him to the annual meetings of the fund and World Bank in Hong Kong.

Mr. Rubin gathered with Mr. Summers and other aides in the forward compartment of the plane to plot strategy. As the group nibbled on nachos, Mr. Rubin complained that the proposal would undercut American interests and influence in Asia, and that Japan would lend the money without insisting on tough economic reforms.

Mr. Rubin and Mr. Summers succeeded in killing the plan, with the help of Europe and China. Many in Asia now regard that as a crucial missed chance.

Treasury officials stand by their opposition to the Asian Monetary Fund, saying that the plan would not have changed anything, for it would have taken time to implement and, as Japanese officials later acknowledged, Japan was itself hard up for cash.

"The Japanese plan was vapor," a Rubin associate said recently. "It wasn't going to happen. It was ill thought out."

Treasury opposed the first Japanese fund in part because it — along with

everybody else, including investors, scholars and journalists — thought that the storm over Asia would pass. Yet something fundamental had changed. Perceptions of risk had altered, and people began to get nervous about holding any Asian currency.

The anxieties became self-fulfilling, particularly as Thailand's economy began to self-destruct. Speculators, stock investors and local business people alike wanted the safety of dollars, and during the fall of 1997 currencies fell in the Philippines, Malaysia, Indonesia, Taiwan and South Korea.

Since many Asian countries had problems with heavily indebted corporations, inflated stock and property prices, overvalued currencies and bad loans, it was easy to find similarities to Thailand once people began to look. Just as Western capital had flooded into emerging markets as a group in the early and mid-1990s, now it began to ebb.

Take Barton Biggs, the strategist at Morgan Stanley who a few years earlier had helped ignite the Asian investment boom. As Thailand began to fall apart in the fall of 1997, he made another trip to Bangkok. This time his advice was grim.

"I really went with the idea that Asia was sold out and bombed out and that there must be some attractive values," he said in a telephone interview with investors on Oct. 27, 1997. "And I've got to say that I was disappointed."

Mr. Biggs told investors to sell all their holdings in markets like Hong Kong, Singapore and Malaysia, and to cut by one-third their investments in emerging markets like Thailand and Indonesia.

The dominoes began to fall. In late October 1997, right after Mr. Biggs's announcement and partly because of it, the Hong Kong stock market plunged 23 percent over four days. The debacle in Hong Kong suddenly caught Wall Street's attention, and in New York on Oct. 27, the Dow Jones Industrial Average tumbled 554 points, its biggest one-day point loss in history.

"That changed everyone's calculations," recalled Stanley Fischer, the fund's deputy chief. Suddenly contagion was the buzzword, and there were regular meetings on the crisis in the Situation Room at the White House. Yet while White House officials pondered what to do, investors were busy selling. Anything that seemed to hint of emerging markets was dumped, and stock markets in Brazil, Argentina and Mexico also suffered their worst one-day losses ever.

Soon Indonesia was forced to accept a \$17 billion bailout, later raised to \$23 billion, to which the United States agreed to contribute — an implicit admission that it had made the wrong call with Thailand.

Pressure grew on South Korea, Taiwan, Malaysia, Brazil, Russia and other countries. Everybody seemed alarmed except Mr. Clinton, who in November 1997 tried to sound reassuring. "We have a few little glitches in the road here," he said. "We're working through them."

Mr. Clinton was perhaps listening too closely to the State Department, for American diplomats in Bangkok were sending out rosy cables, and their counterparts in South Korea were similarly oblivious to the Korean economy's disintegration, which was then well under way.

The State Department missed its cues because historically it had focused on the threats from Communists who carry grenades, not on the threats from business executives who wear neckties and trade currencies. The same was true of the Central Intelligence Agency, which proved itself, in the words of one of its top officials, "completely unprepared to deal with questions of an economic nature."

Yet by Thanksgiving Day 1997, it was clear to all top officials in Washington that South Korea was on the brink of an economic catastrophe. After five hours of conference calls among top American officials, President Clinton telephoned President Kim Young Sam of South Korea and told him he had no choice but to accept an international bailout.

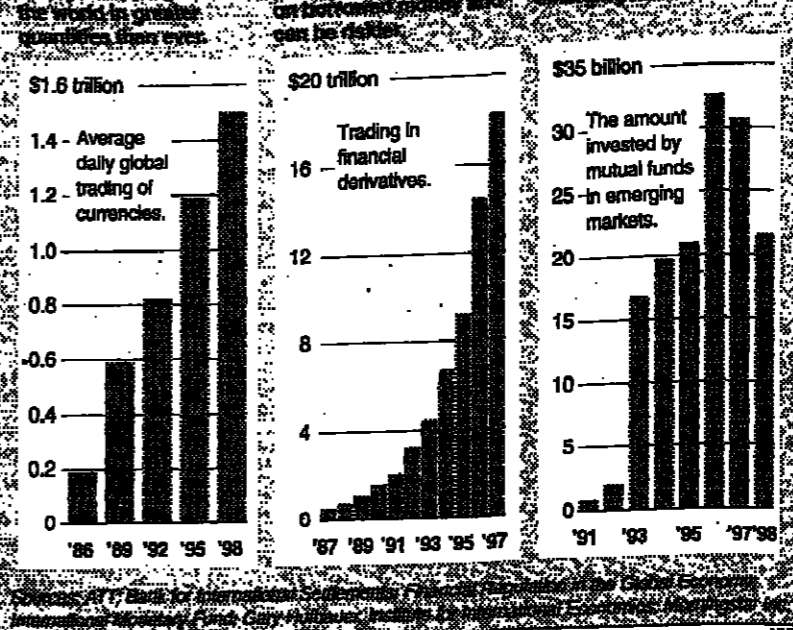
Mr. Kim bowed to the inevitable and accepted a bailout that swelled to \$57 billion, the biggest ever. But with that money now flowing into South Korea, Western banks saw a chance to take it and run. The banks called in their loans, hoping to flee while they could.

Mr. Rubin quietly called the heads of major banks and urged them to reschedule their loans, and in the end they did. But the bailout still ended up bolstering the Korean banks. South Koreans lost their businesses and in some cases were even driven to suicide. But foreign banks — among them Citibank, J.P. Morgan, Chase Manhattan, BankAmerica and Bankers Trust — were rewarded with sharply higher interest rates.

Yet in contrast to previous financial crises, which were resolved by banks' effectively paying a good share of the bill, this was a huge bailout with public funds, and the banks did not chip in

## Money on the Move

These are among the factors that have driven the global financial crisis. The charts show the average daily global trading of currencies, the amount invested in emerging markets, and the amount invested in emerging markets.



major new money. Mr. Rubin defends the bailouts, saying that he "wouldn't spend a nickel" to bail out banks or investors, but that helping the country often means ensuring that it can pay off its creditors.

But critics note that the some of the biggest beneficiaries are the banks. "The effort is hurting the countries they are lending to, and benefiting the foreigners who lent to them," argued Milton Friedman, the Stanford University economist and Nobel Prize winner. Mr. Friedman argues that the monetary fund does more harm than good, and is bitterly critical of these bailouts.

With the collapse of South Korea, investors rushed from any sign of risk. At Morgan Stanley, Mr. Biggs had bought emerging markets early in 1997 for his own portfolio, but now he sold frantically.

Tens of thousands of other investors were doing likewise, liquidating their holdings in emerging-markets funds. Sales of emerging-markets mutual funds forced fund managers to pare down their portfolios to pay back shareholders.

This meant that fund managers had to trim holdings even in distant countries, even in stocks that they regarded as still valuable. The electronic herd rushing

away from Korea ended up trampling stocks in Argentina and Mexico.

The world seemed to be coming apart, and so was the United States government's consensus on what to do. American officials had no intuitive feel for what might happen next.

"The nature of the crisis was not understood," recalls a senior official who weathered the thick of the crisis. "We didn't really grasp everything that was going on."

Indonesia has been hit hardest, but what remains unclear is whether it had to suffer at all. Some economists argue that Indonesia was simply the victim of the international equivalent of a drive-by shooting.

Its trade balance was in relatively healthy shape. It had a respectable \$20 billion in foreign exchange reserves and did not squander them trying to defend its currency. Credit had grown more slowly than in other countries, and there was less indication of a bubble. The government initially reacted with foresight, going to the fund before any severe problems developed.

Yet in the end the Indonesian currency lost 85 percent of its value, riots cost more than 1,000 lives, and hunger became widespread.

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February 16, 1999  
http://www.mtc.com/INTFUN/funds.html

<p><b>1. INVESTMENT &amp; DEVELOPMENT</b></p> <p>1.1. INVESTMENT &amp; DEVELOPMENT FUND (USD)</p> <p>1.2. INVESTMENT &amp; DEVELOPMENT FUND (GBP)</p> <p>1.3. INVESTMENT &amp; DEVELOPMENT FUND (JPY)</p> <p>1.4. INVESTMENT &amp; DEVELOPMENT FUND (AUD)</p> <p>1.5. INVESTMENT &amp; DEVELOPMENT FUND (NZD)</p> <p>1.6. INVESTMENT &amp; DEVELOPMENT FUND (CAD)</p> <p>1.7. INVESTMENT &amp; DEVELOPMENT FUND (CHF)</p> <p>1.8. INVESTMENT &amp; DEVELOPMENT FUND (SEK)</p> <p>1.9. INVESTMENT &amp; DEVELOPMENT FUND (NOK)</p> <p>1.10. INVESTMENT &amp; DEVELOPMENT FUND (DKK)</p> <p>1.11. INVESTMENT &amp; DEVELOPMENT FUND (EUR)</p> <p>1.12. INVESTMENT &amp; DEVELOPMENT FUND (USD)</p> <p>1.13. INVESTMENT &amp; DEVELOPMENT FUND (GBP)</p> <p>1.14. INVESTMENT &amp; DEVELOPMENT FUND (JPY)</p> <p>1.15. INVESTMENT &amp; DEVELOPMENT FUND (AUD)</p> <p>1.16. INVESTMENT &amp; DEVELOPMENT FUND (NZD)</p> <p>1.17. INVESTMENT &amp; DEVELOPMENT FUND (CAD)</p> <p>1.18. INVESTMENT &amp; DEVELOPMENT FUND (CHF)</p> <p>1.19. 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## ASIA/PACIFIC

## German-Born Scientist Takes Helm at Telstra

**Bloomberg News**

SYDNEY — Ziggy Switkowski threw in his lab coat long ago to carve out a career in the corporate world.

On Tuesday, the German-born nuclear scientist capped his career change by agreeing to become chief executive of Telstra Corp., Australia's dominant telecommunications company and most profitable company.

Unsurprisingly, it wasn't Switkowski's penchant for atoms that enticed Telstra's board to take a bet on their head of business and international operations — a man who had joined just 18 months earlier after a yearlong stint at the No. 2 carrier, Cable & Wireless Optus Ltd., and 18 years at Eastman Kodak Co.

It was, though, his sharp intellect that put him ahead of three other candidates.

"He's got unique credentials, pretty much as close as you get to a rocket scientist, but certainly he's got that unique blend of technology background and commercial expertise," said Australia's communications minister, Richard

Alston, a neighbor of Mr. Switkowski when he worked for Optus. Mr. Alston will now be Mr. Switkowski's ultimate boss.

The soft-spoken Mr. Switkowski admits that there is no direct demand for his science in his new role. He is, though, schooled in the world of technology, which is potentially one of the greatest threats to the phone giant's profits as more competitors come up with new products.

"I think that kind of training gives me some confidence when it comes to issues of technology," he said.

Mr. Switkowski worked as a research scientist, which took him to the United States and allowed him a stint at the National Aeronautics and Space Administration.

Investors, however, want to see some evidence he can convert his scientific prowess into profits. His brief period at Optus was marred by infighting, legal suits, poor performance and a delay in its initial share sale.

"There is no lack of intellect there, but he's still an unknown in the wider investment com-

munity," said John Sevier, a portfolio manager at Perpetual Investments.

Mr. Switkowski possesses a studious, reserved approach to management, far removed from that of his predecessor, Frank Blount, 60, an American who has made no secret of his distaste for negotiating with the politicians who control Telstra, which is two-thirds owned by the government.

But Mr. Switkowski will face a number of challenges in his new role at Telstra, including increased competition for market share. A vigorous antitrust commission is also trying to cut Telstra's dominance. And the company has been pushing the government to move forward on its privatization.

While he lacks flamboyance, Mr. Switkowski's former colleagues say his approach is methodical and may serve him well as he confronts the myriad issues at the company with 55,000 staff and 17 billion dollars in annual revenue. He said Telstra's strategy would be "steady as she goes."

## Mitsubishi Dismisses 'Speculation'

**Compiled by Our Staff From Dispatches**

TOKYO — Mitsubishi Motors Corp. denied Tuesday a newspaper report that it would allow a foreign partner to take a controlling stake in the company.

The Financial Times of Britain reported Tuesday that the president of Mitsubishi Motors, Katsuhiko Kawasoe, had said he was seeking a foreign partner and would allow a foreign vehicle manufacturer to take a controlling stake.

"That was pure speculation by the reporter," a Mitsubishi spokesman said.

Mr. Kawasoe has repeatedly said that Mitsubishi was seeking links with non-Japanese companies. He said in January that he would be open to talks with Ford Motor Co. after the U.S. automaker announced an agreement to buy the passenger car business of Mitsubishi's European partner, Volvo AB of Sweden.

Mitsubishi also said Tuesday it had raised its stake in its Netherlands car BV joint venture with Volvo AB, giving the Mitsubishi group a 50 percent stake in the company, known as NedCar.

Mitsubishi Motors said it had purchased the stock on Monday for 110 million Dutch guilders (\$56.1 million).

It said that NedCar planned to increase production of Mitsubishi models to 130,000 in 1999 from 91,496 last year and to maintain production of Volvo models at about 150,000.

Mitsubishi said in November that it would report a group net loss of 9 billion yen (\$77.8 million) for the year ending March 31, its second consecutive annual loss. The sale of a stake would give it money to repay some of its 2 trillion yen of debt.

"Mitsubishi is looking like a vulnerable company," said Marnie Andrews, a researcher at the Economist Intelligence Unit in London.

Shares of Mitsubishi Motors fell 16 yen on Tuesday, to 351 yen. (Reuters, Bloomberg, AFP)

Investor's Asia			
Hong Kong Hang Seng		Singapore Straits Times	
Tokyo Nikkei 225		Exchange Index	
1998	1999	1998	1999
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## Profits Slump In Electronics

**Compiled by Our Staff From Dispatches**

TOKYO — The Japanese electronics makers TDK Corp. and Pioneer Electronic Corp. said Tuesday that a strong yen and sluggish demand for audio-visual products in emerging markets hurt their earnings for the latest quarter.

Group net income at TDK fell 42 percent, to 10.7 billion yen (\$92.5 million) in the three months ended Dec. 31, from 18.476 billion yen in the same quarter last year. Sales fell 11.6 percent to 167.9 billion, from 190.0 billion yen. For the full year ending March 31, TDK forecast its group net profit would fall 23 percent, to 45 billion yen, with revenue down 3 percent at 675 billion yen.

Pioneer Electronic said group net profit for the quarter ending Dec. 31 fell 16 percent, to 2.3 billion yen, because of sluggish sales in Asia and Latin America and an increased taxes burden. Consolidated sales edged down 1.2 percent to 147.4 billion yen. (Reuters, AFP)

## Japan Banks' Loan Goal: March 31

**Compiled by Our Staff From Dispatches**

TOKYO — Major banks will finish writing off their share of the bad debt hounding the financial system by the end of March, Japan's financial reconstruction minister said Tuesday.

The government gave preliminary approval Friday to funneling 7.5 trillion yen (\$65 billion) to 15 major Japanese banks in a massive effort to help pay their debts.

"Bad loans remaining from the bubble era will be written off by March," Hakuo Yanagisawa said. Japan's fiscal year ends March 31.

Mr. Yanagisawa added that the statement did not mean that new problem loans would not arise, but he said the majority of problem loans would be removed.

Mr. Yanagisawa also said the public fund injections would give the banks enough capital to erase losses on stockholdings.

The cash infusion is a small fraction of the debt facing the overall financial system. Insurers, brokerages and other financial companies

are struggling with as much as 100 trillion yen in problem loans left over from the collapse of the speculative real-estate bubble of the 1980s.

Meanwhile, two regional banks said they would increase the amount of public funds they were requesting to clean up their balance sheets ahead of a planned merger.

Hanshin Bank Ltd. and Midori Bank Ltd., both based in Kobe, will jointly seek 1 trillion yen of public funds, bank officials said.

Kyodo news agency said the financial support requested by the two banks was 370 billion yen more than initially planned.

The plea for a huge rescue injection, caused by the banks' underestimation of bad loans, reveals a morass of bad debt in regional banks that has yet to be dealt with by Tokyo.

The two banks, which plan to merge April 1, were to request the money Thursday from the government-backed Deposit Insurance Corp., the bank officials said.

Hanshin Bank announced the merger plan last May to bail out the ailing Midori Bank, which was set up in 1995 with investments by other banks.

Midori Bank was established to take over the now-defunct Hyogo Bank Ltd. in a government-proposed scheme to protect depositors and corporate borrowers in Kobe.

Analysts said financial authorities were not expected to bail out regional banks by the same capital-injection method being used for leading national banks.

Yukiko Ohara, an analyst at Morgan Stanley Dean Witter, said it was not possible to inject public money into the weak regional banks, but he suggested that they be put into "bridge banks" to assume healthy loans from insolvent banks and sell the rest or into special public receivership.

Under Japan's banking legislation, the government can nationalize troubled banks or move their operations to a bridge bank until a merger partner is found. (AP, AFP)

## Very briefly:

- Japanese exports to the United States of hot-rolled sheet steel plunged 99.3 percent in December from a year earlier, the Ministry of International Trade and Industry said.
- The Thai government plans to borrow \$5.31 billion, including \$1.20 billion from the World Bank and \$270 million from the Asian Development Bank, for the country's economic restructuring programs in the current fiscal year.
- Daiwa Securities Co., Japan's second-biggest brokerage, wants to sell as much as \$50 billion yen (\$438.5 million) of shares it holds in other companies in the near future, said Akira Kiyota, Daiwa's deputy president. Daiwa wants to reduce its nearly 150 billion yen in strategic shareholdings.
- Bank Indonesia, the central bank, expects to close down as many as 40 banks by the end of this month, said Syahril Sabirin, the central bank governor.
- NSK Ltd., Japan's largest maker of ball bearings, is to cut about 9,300 workers, or 11 percent of its domestic work force, and close a factory after its first full-year net loss since 1949. NSK is to post a loss of 6.5 billion yen on a parent-company basis for the year ending March 31 amid falling domestic sales and shrinking overseas profits.
- Isetan Co., a Japanese department-store operator, is to shut its U.S. subsidiary Isetan of America and create two units to manage assets handed over from Barney's Inc. in a bankruptcy settlement. (Reuters, AP, Bloomberg)

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## SPORTS

## Jazz Overcome Williams and Webber Dazzle To Beat Kings

The Associated Press  
The original Stockton-Malone combination is still better than the upstart impersonators from Sacramento.

John Stockton and Karl Malone held off a spirited charge from Jason Williams and Chris Webber as the Utah Jazz beat the Kings 120-112 in overtime Monday night.

Sacramento appeared ready to upset the Jazz, thanks primarily to standout

## NBA Roundup

efforts from the rookie point guard Williams and the newly acquired Webber that sparked memories of Stockton and Malone in their early days.

In just his fifth professional game, Williams had 19 points and seven assists, while Webber had 26 points and 11 rebounds before fouling out early in overtime.

Malone hit five free throws in the final minute of regular time to force overtime, and the Jazz made a 9-2 run to start the extra period and run their record to a franchise-best 6-0.

Stockton scored eight of his 10 points in the fourth quarter and had 15 assists. Malone, despite shooting just 8-for-20 from the field, led the Jazz with 26 points and nine rebounds. Bryon Russell had 25 points — seven in overtime — and nine rebounds.

All the moral victories, however, belonged to the Kings (2-3) with just one home game so far, who appear transformed from the moribund franchise that made the playoffs just once in the past 12 years.

With Williams and Webber, they may have a young go-to combination similar to the one that has served the Jazz so well for so long.

Kings 78, Pistons 69 In New York, Grant Hill scored 31 points, but the Knicks held the rest of Detroit's players



Knicks' Patrick Ewing, right, mauling Pistons' Bison Dele for a rebound.

in check. Allan Houston scored 19 points, Patrick Ewing had 14, Larry Johnson 12 and Charlie Ward 10 for the Knicks, who double-teamed Hill near midcourt whenever they could and held the Pistons to 36 percent shooting.

Miami 95, New Jersey 72 In Miami, Alonzo Mourning had 34 points, 17 rebounds and 7 blocks as the Heat handed New Jersey its third straight loss. P.J. Brown chipped in 12 points and nine rebounds for Miami. Keith Van Horn paced the Nets with 19 points.

Sum 115, Mugglets 106 Jason Kidd had 28 points, 13 assists and 11 rebounds and George McClellan added 24 points as Phoenix won in Denver.

Trail Blazers 99, Mavericks 84 In Portland, Arvydas Sabonis had 16 points, 10 rebounds and 9 assists for the Trail Blazers.

Warriors 101, Timberwolves 89 Rookie Antawn Jamison scored 21 points, including the game-winning tip-in with four seconds left, as Golden State won at home against Minnesota.

## Rams Scramble for Quarterback

Compiled by Our Staff From Dispatches

The St. Louis Rams continued their burst of activity when they lured Trent Green, a 29-year-old free-agent quarterback, from the Washington Redskins with a \$16.5 million, four-year contract.

The Redskins then traded three draft picks to Minnesota for Brad Johnson, who began last season as the Vikings' starter but then suffered a broken leg, returned and broke a thumb.

The Rams, who promised to be active in the free agency period that began Friday, signed Green on Monday, a day after they had signed Adam Timmerman, an offensive guard who played for Green Bay last season, to a five-year, \$18.7 million contract.

Green began the 1998 season as third-stringer for Washington, but he started 14 games, completing 278 of 509 passes for 3,441 yards and 23 touchdowns.

The Rams also made a qualifying offer to Tony Banks, last year's starting quarterback, on Monday, but even if they sign the restricted free agent, they may not keep him.

"I believe Tony Banks will be a starting quarterback and a very successful playoff quarterback," said Dick Vermeil, the Rams' coach. "It just doesn't look like it'll end up being here."

The Redskins gave the Vikings the 11th overall selection and a third-round pick in this year's draft, and a second-round pick in 2000. The trade was subject to Johnson's passing a physical.

Rich Gannon, a career backup quarterback, was also handed a starting job Monday when he signed with the Oakland Raiders.

Gannon, 33, has spent his 12 years in the NFL as a backup and spot starter for Minnesota, Washington and Kansas

City. He reportedly received a four-year, \$16 million contract as the replacement for Jeff George, whose two-season stay in Oakland was largely a disappointment.

Leigh Steinberg, the California lawyer who represents a stable of quarterbacks including Steve Young, Troy Aikman and Drew Bledsoe, said the frenzied chase for quarterbacks was not surprising.

"It's about the incredible need for quarterbacks in this league and a supply that hasn't kept up with the demand," Steinberg said. "You've got a wicked pass rush shortening careers, and a lot of young quarterbacks not living up to their potential. The salary cap is part of that."

Instead of having two or three years of mullage and study while a more experienced guy plays, the salary cap forces teams to play these guys right away, and in some cases, they don't recover from it." (AP, WP)

## Penguins Remain Hottest Team on Ice

The Associated Press

Jaromir Jagr, the league's leading scorer, had a goal and three assists as the Pittsburgh Penguins won their 10th straight game.

German Tivo and Alexei Morozov each scored twice on Monday as the Penguins beat the visiting Washington Capitals, 7-3, to extend the second-

## NHL Roundup

longest winning streak in team history. Jagr, the National Hockey League's leading scorer with 85 points, now has 25 points during the Penguins' longest winning streak since they won a league-record 17 in a row on 1993.

Stars 4, Oilers 1 Dallas proved just how tough it can be defensively as it held Edmonton to just 13 shots. Brett Hull scored twice in the first 2:37 as Stars improved to a league-best 33-10-9.

Sabres 3, Hurricanes 2 Michael Peca broke a tie in the third period and Dominik Hasek made 36 saves as Buffalo beat visiting Carolina.

Senators 6, Blackhawks 2 Alexei Yashin had two goals and an assist and Wade Redden added two goals for Ottawa against Chicago. Shawn McEachern and Vaclav Prospal also scored for the Senators, who managed only nine goals in their previous six games.

Devils 3, Maple Leafs 3 Garry Valk got a gift goal late in the second period when New Jersey defenseman Lyle Odelein tipped a shot past Martin Brodeur, giving Toronto a tie in New Jersey.

Sharks 2, Panthers 2 Florida's Ray Whitney scored two goals, including one with 6:17 to play, as the Panthers and San Jose skated to a tie. Whitney blasted a slap shot past Steve Shields from just inside the blue line. The tie was Florida's NHL-leading 14th of the season, and it came after a former Panther, Jeff Norton, gave the visiting Sharks a 2-1 lead at 10:50 of the third period.

Rangers 7, Predators 4 Wayne Gretzky had five assists and Adam Graves scored twice as New York snapped a three-game losing streak by winning at Nashville. Gretzky has not scored a goal

since Feb. 4, but still finished with his 15th multi-point game this season.

Mighty Ducks 3, Kings 1 Tomas Sandstrom tied the score on a power play in the second period and got the go-ahead goal on a penalty shot with 13:20 remaining as Anaheim won in Los Angeles. Paul Kariya scored his 24th into an empty net with 51 seconds left to secure the Ducks' fourth straight victory.

Lightning 3, Islanders 3 Vincent Lecavalier assisted on one goal and then scored with 9:31 left in regulation as visiting Tampa Bay won. Lecavalier had a wide-open shot from the left crease after a cross-ice pass from Pavel Kubina for his ninth goal. The tie ended an eight-game losing streak for Tampa Bay. The Islanders are winless in their last five.

Blues 6, Canucks 1 Pierre Turgeon had a goal and two assists and Pavol Demitra had three assists as St. Louis snapped its five-game home losing streak. The Blues' goalie, Jamie McLennan, made 10 saves in the first two periods before being taken out after getting hit in the throat by a shot.

## SCOREBOARD

## BASKETBALL

## NBA STANDINGS

## EASTERN CONFERENCE

## ATLANTIC DIVISION

## W L Pct. GB

## Orlando 5 1 .233 —

## Philadelphia 4 1 .200 1 1/2

## New York 3 2 .150 1 1/2

## Miami 3 2 .150 1 1/2

## Boston 2 3 .091 2 1/2

## Washington 1 4 .020 3 1/2

## New Jersey 1 4 .020 3 1/2

## CENTRAL DIVISION

## W L Pct. GB

## Milwaukee 3 2 .150 1 1/2

## Atlanta 2 3 .091 2 1/2

## Indiana 2 3 .091 2 1/2

## Detroit 2 3 .091 2 1/2

## Cleveland 2 3 .091 2 1/2

## Toronto 1 4 .020 3 1/2

## Charlotte 1 4 .020 3 1/2

## Chicago 1 4 .020 3 1/2

## WESTERN CONFERENCE

## NORTHWEST DIVISION

## W L Pct. GB

## Utah 6 0 1.000 —

## Houston 4 2 .667 1 1/2

## Minnesota 4 2 .667 1 1/2

## San Antonio 3 3 .500 2 1/2

## Vancouver 2 4 .250 3 1/2

## Dallas 2 4 .250 3 1/2

## Denver 1 5 .143 4 1/2

## PACIFIC DIVISION

## W L Pct. GB

## Seattle 4 2 .667 1 1/2

## Portland 3 3 .500 2 1/2

## L.A. Lakers 3 3 .500 2 1/2

## Sacramento 2 4 .250 3 1/2

## Golden State 2 4 .250 3 1/2

## L.A. Clippers 0 5 .000 5 1/2

## SOUTHEAST DIVISION

## W L Pct. GB

## Detroit 22 11 .667 —

## New York 21 12 .636 1 1/2

## Orlando 19 14 .576 4 1/2

## Houston 18 15 .545 5 1/2

## Charlotte 17 16 .515 6 1/2

## Washington 16 17 .485 7 1/2

## Atlanta 15 18 .455 8 1/2

## Miami 14 19 .424 9 1/2

## New Jersey 13 20 .394 10 1/2

## Phoenix 12 21 .364 11 1/2

## Dallas 11 22 .333 12 1/2

## San Antonio 10 23 .303 13 1/2

## LEADING COLLEGES

## W L Pct. GB

## Duke 24 14 .632 —

## North Carolina 23 15 .605 1 1/2

## Kentucky 22 16 .579 2 1/2

## Michigan State 21 17 .556 3 1/2

## Illinois 20 18 .526 4 1/2

## Arizona 19 19 .500 5 1/2

## Texas 18 20 .474 6 1/2

## Stanford 17 21 .444 7 1/2

## UCLA 16 22 .421 8 1/2

## Cincinnati 15 23 .395 9 1/2

## Connecticut 14 24 .364 10 1/2

## Purdue 13 25 .341 11 1/2

## Ohio State 12 26 .310 12 1/2

## Wisconsin 11 27 .286 13 1/2

## Indiana 10 28 .260 14 1/2

## Iowa 9 29 .238 15 1/2

## Nebraska 8 30 .211 16 1/2

## Missouri 7 31 .188 17 1/2

## Texas Tech 6 32 .158 18 1/2

## Oklahoma 5 33 .130 19 1/2

## Arkansas 4 34 .109 20 1/2

## Louisville 3 35 .080 21 1/2

## Temple 2 36 .053 22 1/2

## Villanova 1 37 .026 23 1/2

## Marquette 0 38 .000 24 1/2

## Georgetown 0 39 .000 25 1/2

## Catholic 0 40 .000 26 1/2

## Creighton 0 41 .000 27 1/2

## Seton Hall 0 42 .000 28 1/2

## St. Joseph 0 43 .000 29 1/2

## St. Louis 0 44 .000 30 1/2

## St. Mary's 0 45 .000 31 1/2

## St. Vincent 0 46 .000 32 1/2

## St. Francis 0 47 .000 33 1/2

## St. Bonaventure 0 48 .000 34 1/2

## St. John's 0 49 .000 35 1/2

## St. Michael's 0 50 .000 36 1/2

## St. Thomas 0 51 .000 37 1/2

## St. Francis 0 52 .000 38 1/2

## St. Joseph 0 53 .000 39 1/2

## St. Louis 0 54 .000 40 1/2

## St. Mary's 0 55 .000 41 1/2

## St. Vincent 0 56 .000 42 1/2

## St. Francis 0 57 .000 43 1/2

## St. Bonaventure 0 58 .000 44 1/2

## St. John's 0 59 .000 45 1/2

## St. Michael's 0 60 .000 46 1/2

## St. Thomas 0 61 .000 47 1/2

## St. Francis 0 62 .000 48 1/2

## St. Joseph 0 63 .000 49 1/2

## St. Louis 0 64 .000 50 1/2

## St. Mary's 0 65 .000 51 1/2

## ICE HOCKEY

## NHL STANDINGS

## EASTERN CONFERENCE

## ATLANTIC DIVISION

## W L Pct. GB

## Philadelphia 28 12 .692 —

## Pittsburgh 27 13 .675 1 1/2

## New York 26 14 .650 2 1/2

## Boston 25 15 .625 3 1/2

## Washington 24 16 .600 4 1/2

## New Jersey 23 17 .573 5 1/2

## St. Louis 22 18 .547 6 1/2

## Carolina 21 19 .520 7 1/2

## Florida 20 20 .500 8 1/2

## Tampa Bay 19 21 .475 9 1/2

## NORTHWEST DIVISION

## W L Pct. GB

## Colorado 20 16 .556 —

## Edmonton 19 17 .524 1 1/2

## Calgary 18 18 .500 2 1/2

## Vancouver 17 19 .474 3 1/2

## NORTHWEST DIVISION

## W L Pct. GB

## Detroit 29 23 .558 —

## St. Louis 28 24 .538 1 1/2

## Nashville 27 26 .500 3 1/2

## Chicago 26 27 .490 4 1/2

## NORTHWEST DIVISION

## W L Pct. GB

## Colorado 20 16 .556 —

## Edmonton 19 17 .524 1 1/2

## Calgary 18 18 .500 2 1/2

## Vancouver 17 19 .474 3 1/2

## NORTHWEST DIVISION

## W L Pct. GB

## Detroit 29 23 .558 —

## St. Louis 28 24 .538 1 1/2

## Nashville 27 26 .500 3 1/2

## Chicago 26 27 .490 4 1/2

## NORTHWEST DIVISION

## W L Pct. GB

## Colorado 20 16 .556 —

## Edmonton 19 17 .524 1 1/2

## Calgary 18 18 .500 2 1/2

## Vancouver 17 19 .474 3 1/2

## NORTHWEST DIVISION

## W L Pct. GB

## Detroit 29 23 .558 —

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## POSTCARD

## The Scots Fight Back

By Warren Hoge

New York Times Service

LOCHINVER, Scotland— "Haste ye back," the road signs say as you pass by these stony coastal villages, where the grass is bent sideways by the ceaseless wind. But the heavy Scots summons has rung hollow for many people from here for centuries.

This wilderness area was where hundreds of thousands of settlers were driven off their properties to make way for sheep farming by rapacious landlords in the infamous Highland "clearances."

They were burned out of their thatched cottages and off their fields and packed onto ships bound for the colonies or forced into servitude under Scotland's feudal land-owning system on small patches of land called crofts along the infertile rocky seashore.

Although these convulsive events happened in the early part of the 19th century, for the descendants who still live on this unforgiving land they are as fresh as yesterday.

"Aye, it's a deeply ingrained feeling here, you must never lose sight of that," said Allan MacRae, 59, whose great-grandfather was among those evicted. "There is a deeply rooted resentment. But the feudal land-owning system is more than a memory. It still exists."

"It was set up in the 12th century to impose some order on, you know, the mad Scots, and it has not changed since," said Daniel Morgan, a doctoral student of the subject at Edinburgh University.

Now, almost 900 years later, change is being proposed. Scotland gets a new Parliament in May, and Donald Dewar, Britain's secretary for Scotland, has announced that its first order of business

would be reforming the ancient landholding structure.

On his mind as he spoke was a community of 13 hamlets next to Lochinver that six years ago bought itself from its owner, a Swedish businessman, and set up its own cooperative self-government. It is called the Assynt Crofters' Trust, named after the loch that runs along one side of the 178-square-mile (460-square-kilometer) estate and the hard-scrabble farmers who have become at once individual tenants and collective shareholders, or lairds.

Half of Scottish land in private hands belongs to just 350 people, and just 1,500 private estates cover 80 percent of Scotland. Among the lairds are aristocrats, reclusive foreign investors, pop stars, offshore companies and wealthy people from London's financial sector who live far from Scotland and treat their properties as commodities to be traded on foreign markets or use them as hunting and fishing retreats.

For generations, residents have had their land sold out from under them with no knowledge of the transaction or the new laird to whom they owe their "feus," or land fees. Some cottage dwellers recognize their absentee owner only by his bank account number.

Under the plans laid out by Dewar, local communities would gain the right to buy estates at market value and be able to tap National Lottery money to help raise the purchase price. In cases where lairds tried to sell land secretly, through share dealing, for example, or consistently disregarded the interests of the local people, the government could make the purchase by the community compulsory.

## An Outsider Takes On Covent Garden's 'Mess'

By Alan Riding

New York Times Service

LONDON—The Royal Opera House in Covent Garden is still a huge construction site, but completion of its \$360 million redevelopment is now in view. Inside its horseshoe auditorium, while seats and carpets have yet to be installed, a large medallion of Queen Victoria's profile, placed above the proscenium 140 years ago, has been regilded in anticipation of the house's reopening on Dec. 1.

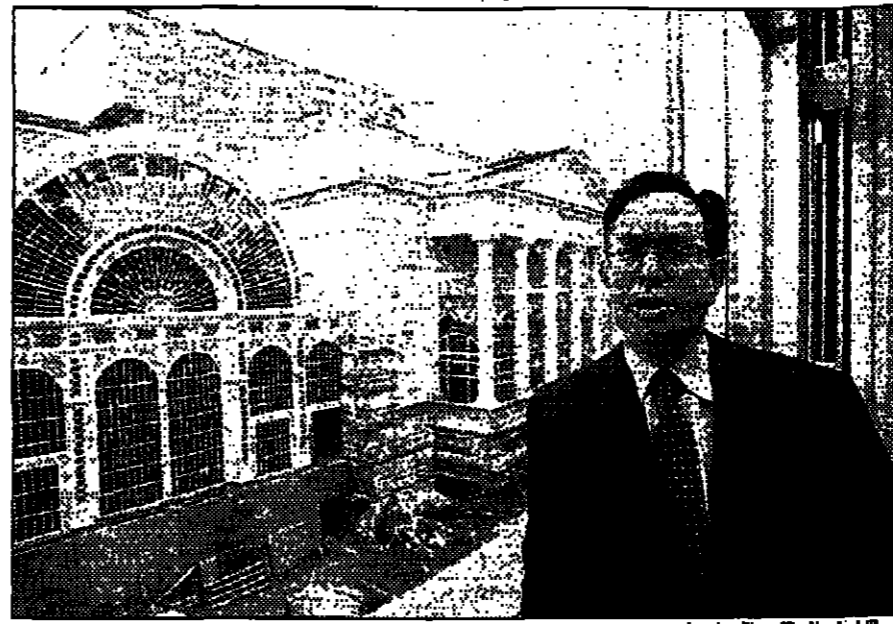
Yet if London's arts lovers have barely noticed this pricey metamorphosis, it is because a far more exciting political, financial and psychological drama has been tearing apart the Royal Opera House. Until recently the issue has not been how the new Covent Garden will look but whether the Royal Opera and Royal Ballet will ever perform there.

For the last three years the Royal Opera House has been a soap opera. Under three board chairmen and three directors it saw its deficit mount, its mismanagement exposed and its public image muddled. Its plans for performances in other theaters during Covent Garden's current 30-month closing was so badly prepared that the board canceled most of the 1999-2000 season.

Two departing directors exchanged barbs with the board. The artistic director for opera, Nicholas Payne, left to run the English National Opera. The music director, Bernard Haitink, resigned in frustration in October. In November, artists and staff members picketed 10 Downing Street, while members of the Royal Ballet contemplated resigning en masse and forming a new ballet company. Who could stop the rot?

An American in the form of Michael Kaiser, the former executive director of the American Ballet Theatre, arrived here in mid-November to sort out the warring British. That was not quite the wording of his mandate as the opera house's new executive director, but that in essence was his task. Remarkably, 10 weeks later there are signs that peace is breaking out at Covent Garden.

In December, the Arts Council of England, which provides about one-third of Covent Garden's budget, raised its annual grant by \$3 million, to \$32 million for 1999, and by a further \$6.4 million for 2000 and 2001 each. At the same time Haitink withdrew his resignation and agreements were signed with the opera house unions. The turmoil inside the Royal Ballet also was settled.



Michael Kaiser, executive director of the Royal Opera House.

On Jan. 28 Kaiser unveiled his strategic plan for Covent Garden, which, along with details of the opera and ballet programs through May 2000, included two innovations carefully designed to improve the house's public image: Ticket prices will be reduced, and the building will be open all day for tours, meals and free lunchtime chamber music concerts in a new 420-seat Studio Theatre.

Of course not all this was Kaiser's doing. Negotiations with the Arts Council already were under way, and it was well known that one condition for larger grants was a reduction in ticket prices. Yet with his reputation of having helped restore financial health to the Alvin Ailey American Dance Theatre and the American Ballet Theatre, Kaiser has been welcomed here like a doctor arriving at the scene of a crash.

"It does help to come from the outside," Kaiser said in his office. "because my experience of troubled organizations is that when you are in the midst of all the problems, everyone is focused on the past. Who caused the problem? How did we get into this mess? They point fingers at each other, the staff blames the board, the board blames the staff, and no one is saying, Where do we go from here?"

Perhaps to the dismay of some here, he does not even consider Covent Garden's crisis to be that special.

"There was a lot of hurt here, and that's another thing in common with troubled organizations," he explained. "People were feeling unloved; that they were not being treated properly, because when an organization is in trouble, typically the leadership begins cutting back on marketing and the creating of arts. The public and donors lose interest. You get less revenue, and you cut more marketing and arts, and you end up in deep trouble."

Part of Kaiser's first aid program has involved making the artists—the orchestra, the chorus and the dancers—feel wanted again. He likes to remind them that he first studied to be an opera singer, that his grandfather played in the New York Philharmonic and that he spent much of the 1990s with ballet companies. He is intent on attending as many of their performances as possible.

"I want them to understand that I am in this field because I love the arts and I love artists, and I am there to support them," he said.

His only disappointment so far is that the American director Francesca Zambello turned down an invitation to become the artistic director of the Royal Opera.

Last year after Kaiser's own appointment,

Sarah Billingham, head of artistic planning at the Metropolitan Opera in New York, also refused the job, reportedly because she was rebuffed in her request to be named head of all Covent Garden. Now the search for a new artistic director for opera has resumed.

Work continues on Covent Garden's expansion, which includes enlarging the backstage, raising the fly tower and adding two large annexes comprising offices, rehearsal rooms and the Studio Theatre, as well as a reception area in the so-called Floral Hall. But the Royal Opera House has not yet covered the project's \$360 million final cost.

It has received a \$125 million grant from National Lottery profits, it has borrowed some \$70 million against future rentals of street-level shop space in its new annexes, and it has raised \$130 million in private donations. But it needs a further \$32 million. The house's anticipated deficit in March 2000 is another \$32 million.

But Kaiser likes fund raising, which "is unusual for an arts executive in Britain," he said. He seems quite unfazed by the warnings that prosperous Britons have no tradition of donating money to the arts and the tax system does not encourage contributions. "There is money out there and people are willing to give it," he said. "You just have to have an exciting project to attract."

Fund-raising experience certainly helps. For example, each of the 16,000 Friends of Covent Garden pay just \$70 a year for the privilege of attending lectures and some rehearsals. Kaiser said he planned to introduce "a ladder of giving," common in the United States, to squeeze more money out of the friends.

With private or corporate donors, he said, there is usually a need that can be satisfied. "Some want corporate entertaining opportunities," he said. "They may want a product or service to be associated with something of high quality. They may want marketing visibility."

Kaiser is planning a full 2001-02 season, but until then, instead of working from September through July, the Royal Opera House will suspend its productions at the end of May and rent the theater to touring companies (like the Kirov Opera and Ballet in the summer of 2000).

Certainly the challenge is there, spelled out in a newspaper headline on his first day at work, "Chaos Reigns as Kaiser Enters Opera House."

"That was my welcome," he said.



SHOW TIME — Harvey Keitel and Zoe Bui before the Berlin Film Festival's screening of "Three Seasons," by Tony Bui, center.

THE actors Paul Newman and Joanne Woodward made a rare stage appearance to benefit a land trust that is trying to save 668 acres (135 hectares) of forest from development. The two, who have been married more than 40 years, performed in A.R. Gurney's "Love Letters" at the Westport Country Playhouse in Connecticut. The performance raised \$175,000 for the Aspetuck Land Trust, which must raise \$12 million by September to purchase the land from a water company. Newman and Woodward live near the property, and Woodward said their children used to fish in the nearby reservoir.

Trying to protect their teenage son from the perils of wealth, the Duke and Duchess of Northumberland have won approval from the High Court in London to defer the boy's huge inheritance until he is old enough to cope with it. Earl Percy, a 14-year-old at Eton who is in line to become the 13th Duke of Northumberland, would receive £1.6 million (\$2.55 million), plus £410,000 a

year from a trust fund, when he turns 18 under a family will. With court approval, the boy won't receive the money until he is 25 — or earlier in smaller amounts as the trustees deem fit.

The Spanish director Fernando Trueba, whose latest film is a comedy set in Nazi-era Germany, said Monday that enough time had passed for artists to confront fascism with humor. "I think we can talk about these things now with some calmness. There is no ideological, no moral risk involved," he said after the presentation of "La Nina de Tus Ojos" ("The Girl of Your Dreams") at the Berlin Film Festival. The film tells the story of Spanish actors making a musical under the Third Reich.

Guitars, manuscripts and drawings will fill a proposed museum in suburban Tokyo dedicated to preserving the memory of John Lennon. The Japanese construction company Taisei Corp. said it would build the museum to ensure that

the musician's artistic accomplishments live into the next century, the Kyodo news agency reported. The report said Taisei had signed an agreement with Lennon's widow, Yoko Ono.

The singer Paul McCartney has vowed to eliminate genetically mod-

ified ingredients from his late wife Linda's range of vegetarian foods. His statement came after a British television program found that Linda McCartney's vegetarian sausages and mince contained genetically modified soya, despite assurances from the company that they did not. She died of cancer last April at the age of 56.

## PEOPLE

## A Stones Reunion in Minnesota

The Associated Press

S.T. PAUL, Minnesota—The Rolling Stones got a grand welcome from their former bodyguard, who happens to be the new governor of Minnesota.

"He's done us proud, hasn't he?" a chuckling Mick Jagger said during a meeting with Governor Jesse Ventura. "He's been fantastic."

Jagger also liked a Ventura proclamation declaring Monday as "Rolling Stones Day" in Minnesota — and Ventura's congratulations to the 55-year-old Keith Richards for being "still alive."

"He's done it very funny and been very lighthearted about the whole thing. But it's obviously very nice for us," Jagger said. Asked whether the governor might be invited to sing, Jagger laughed and said: "I hope he doesn't want to wrestle, that's all."

Ventura, a former professional wrestler who went by the name "The Body," was a bodyguard for the Rolling Stones in the late 1970s and early 1980s.



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